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The U.S.-Indonesian relationship in the 1990's and beyond

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The U.S.-Indonesian Relationship in the 1990's and Beyond

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This thesis contends that from the political, economic, and security points of view, both the United States and Indonesia have much to gain from an improved relationship. The domestic and foreign policies of the two countries can be furthered simultaneously; first, Indonesia must soften its anti-colonial rhetoric, and the U.S. must take post-Cold War approaches to formulate post-Cold War foreign policy.

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EXECUTIVE SUMMARY

The collapse of the Soviet Union marked the end of the East-West conflict which dominated American strategic thinking for the past forty years. The emphasis of that conflict for the United States was the protection of its borders, institutions, and its way of life against the perceived threats of communism and communist countries. As the Twentieth Century draws to a close, America must combine ideology, economics, and security, into a plan for a *comprehensive* security. The security horizon must expand beyond the containment of the Soviet Union to the building of a New World Order. The search for new security strategies compels the United States to re-examine its relations with various countries in all regions of the world. Since Indonesia is arguably the most important nation in Southeast Asia, this thesis explores the current U.S.-Indonesian relationship, with suggestions for policy changes designed to meet America's post-Cold War needs.

A cursory examination of relevant Indonesian history and political culture gives the reader an understanding of the underlying beliefs, values, and experiences of the country and its people--vital if the United States is to negotiate responsibly and successfully with Indonesia. A parallel background of U.S.-Indonesian relations traces the issues

between the two governments, and the atitudes toward each other that developed while the issues were being negotiated.

With that background, the current national goals of both Indonesia and the United States are examined. In many cases, the United States and indonesia have shared common interests and objectives; these are the pillars on which to base a bilateral relationship. At other times, the goals of the two countries were similar, but their strategies differed, usually because of conceptual frameworks or different national experiences. Some new approaches are recommended, in the hope of achieving mutually beneficial policies in the interest of regional stability and peace.

In conclusion, it is noted that there are circumstances which place the United States in opposition to Indonesia. Given that these circumstances are not likely to fade in the near future, the political leaders of both sides must "agree to disagree" for the sake of an overall improved relationship. There is no conflict so deep that it should be allowed to push either nation away from the path of cooperation and mutual understanding.

I. INTRODUCTION--FRAMEWORK FOR ANALYSIS: HISTORY AND CULTURE OF INDONESIA

The motto of the Republic of Indonesia, "Unity in Diversity," goes far toward describing at once the goals and problems of this Southeast Asian country. With over three-hundred ethnic divisions and subdivisions, over 13,000 islands, and more area in water between the islands than in landmass itself, Indonesia's task of national development is rivalled in complexity by few countries today. Yet to speak of an "Indonesia" is no misnomer; the government is widely supported by the diverse populace and pursues a singular foreign policy aimed largely at enhancing the unity of the country. Blessed (or cursed) with a plentiful variety of natural resources, and containing the world's fourth largest population, Indonesia has the foundation on which to build a world power. To do so the leadership needs to maximize the unity while minimizing the negative effects of the diversity.

By means of introduction, this chapter will explore part of the history of the East Indies, focusing on the early sustained contacts with outside civilizations and the effects of these contacts on the indigenous cultures. That history will then be translated into the modern political culture of Indonesia, which is necessary to understand current domestic and foreign policy-making procedures. A closer look at the

Indonesian-American relationship's history will provide the reader with a starting point from which to examine the current status and possible future course of that relationship. This examination of Indonesian history, and especially its history vis a vis the United States, is of vital importance for the efforts of reconciling the national interests of the two countries to provide a basis for improving Indonesian relations with the United States.

A. HISTORY

The islands of the East Indies--Java, Sumatra, Borneo and Celebes being the most prominent--were in earlier times a series of kingdoms having little contact with each other (save limited trade and occasional expansionist ventures) and even less with the outside world. The society was hierarchical in structure, centered around the king who had consolidated his authority by conquering all challengers, or the village chief who claimed inherited closeness to the local spirits. Animistic practices predominated, and the organization of ceremonies dedicated to the village deities was a fundamental responsibility of the socio-political leader.

Indian traders following the monsoon patterns made contact with the indigenous people of Sumatra and Java as they attempted to forge the Sunda and Malacca Straits en route to the Chinese markets. They brought their Hindu-Buddhist faiths with them, and soon their beliefs permeated the East Indies.

The ease with which the new faiths were accepted was characteristic of the indigenous Malays, Sumatrans, and Javanese. Their cultures were traditionally more tolerant of "outsiders," sought harmony over dispute, and preferred to combine foreign beliefs with their own rather than discard either in total.

Particularly for Hinduism, its belief in a strict social hierarchy blended in with the socially rigid nature of the kingdom societies. The kings of "Hindu-ized" states thus claimed to be the reincarnations of Hindu gods, thereby increasing the legitimacy of their rule. Furthermore, the multitude of deities in the Indian religions meant that the indigenous village deities needed not be discarded; they were worshipped as before, along with the "new" gods.

One of the greatest Indonesian dynasties, Srivijaya, became a center for Hindu and Buddhist adherents between the seventh and tenth centuries A.D., the first golden era of Indonesia. Srivijaya controlled much of Sumatra and the western half of Java, as well as the lower Malay Peninsula. As the control of the dynasty spread from the coasts to the inland agricultural areas, so too did the Hindu-Buddhist influence. The emphasis on the structured society with the king at the focal point was thus amplified. Amplified also was the fusion of new and old faiths, evidenced by the continued belief in mysticism--a trait reserved for the priests and kings.

Srivijaya became not only a religious center but an artistic and scientific one as well. The construction of great temples to Hindu and Buddhist gods, the most famous being the temple at Borobudur, is evidence of both the relative advancement of these early Indonesian kingdoms and the strength of their religious devotion.

Rivals to the Srivijaya empire grew in power as trade shifted to the outer islands for the spices they contained. Not only could these spices be traded for rice to feed the local population, they were also in large demand from India to Italy. The spice trade shifted importance from Sumatra to the Java Sea, and a series of dynasties came to control wealth and prestige surpassing that of the great Srivijaya Dynasty. The most far-reaching of these, which commanded tribute from every major part of the archipelago and ushered in the second golden age of Indonesia, was the Majapahit Dynasty, centered on Java, which controlled the archipelago in the 13th and 14th centuries.

Like Srivijaya, Majapahit became the cultural and scholarly center of Southeast Asia. Engineering tasks such as bridges and canals were accomplished to foster the agricultural development on Java, Borneo, and other fertile islands. Resting on the crossroads of the budding but lucrative trade between India and mainland China, Majapahit shared in the art, scientific discoveries, and cultures of both worlds. Majapahit also solidified more than any of

Srivijaya's rivals the dominance of Javanese culture over that of Sumatra.

The decline of the Majapahit Empire is synonymous with the spread of Islam. The empire's fall was hastened by the religious conflict between followers of Islam who came from India and non-followers; meanwhile the spread of Islam was facilitated by the power struggles which accompanied the decline of the Majapahit Empire.

As with Hinduism and Buddhism, Islam came to Indonesia with the new traders, this time from India and the Arabian Peninsula. The new religion had something to offer everyone. For the king, Islam offered more power. No longer was an extensive cast of priests needed to perform complex rituals. The king now stood alone at the top of the social and religious hierarchy; if that king also obtained the title of sultan, his combined religious and political authority was substantial. Also, the pilgrimage to Mecca could be afforded by the king but few others; the title of haji added to his importance among the people. The mystical view of the king as special messenger to the Supreme Being was restored, even though such a notion was not consistent with orthodox Islamic teaching.

For the commoner, Islam offered a sense of equality. Praying five times per day and fasting at Ramadan were things every follower could do, not just the king. The Islamic notion of a personal relationship with Allah which depended on

one's own actions also held appeal. Finally, Islam offered the simplicity of one all-powerful god.

The traders who brought Islam came at first seeking spices and passage through the Straits of Malacca, so it is natural that the first Islamic strongholds were on Sumatra. The people of both northern and southern Sumatra were largely involved in commerce and trade and were thus in regular contact with strict adherents of the Islamic faith who, after all, travelled to Indonesia from the religion's heartland.

While it difficult at best to trace the spread of Islam to Java and the outer islands, the religion did permeate Indonesia thoroughly though in varying degrees. In contrast to Sumatra, the people of Java had developed a society based largely on agriculture and centered around villages vs. cities or trading centers. Thus the Islam which reached the Javanese peasant was watered down and became another layer of religion placed on top of--but not in place of--animism, Hinduism, and Buddhism. Dependent on the land, neither peasant nor ruler would risk offending any god who might affect its fertility.

Also, the fighting witnessed between rival Muslim villages as to which was the more faithful follower seemed distasteful to the Javanese and contrary to their peaceful and accommodating nature.

Overall, however, the positive aspects of the new faith (listed in the discussion on Sumatra) held true for Java and the rest of Indonesia. Islam spread throughout the

archipelago because of conversion from within and without. Muslim sultans, empowered by the wealth of the spice trade, brought an end to the great Majapahit Dynasty and opened the way for Islamic expansion into all of Indonesia. Islam was the predominant faith at the beginning of the European era.

The Portuguese were the first European power to establish permanent contact with the archipelago, travelling across the Indian Ocean in the early 16th century in search of a water route to China. They found it; they also discovered that whoever controlled Malacca controlled the trade, and so they captured Malacca in 1511.

The competition of European countries for overseas colonies expanded into Southeast Asia, and within a century the Dutch ousted the Portuguese from Malacca and began their dominance of Indonesia. While the character of their colonization has been well documented, a few aspects deserve to be expanded here because of their relevance to modern Indonesian government.

When the Dutch arrived, they found Java to be the cultural and political center of the islands. Accordingly, they established their capital at Jakarta as a way to control access to the main spice islands, control of which they had wrestled from the Portuguese. This cemented the importance of Java over the other islands. The Dutch came to dominate all of the landmass and much of the culture of Indonesia, and they did it from Java! The life of nearly every Indonesian was

dictated from Java. The Javanese were generally more receptive toward these Christian foreigners than were their strict Muslim counterparts on Sumatra and elsewhere.

At first the Netherlands East India Company was content to rely on local kings to rule their lands, so long as they paid the Company with the fruits of their agricultural labor in exchange for protection from rival kingdoms. As control of the islands shifted to the Government of Holland, however, Dutch governors occupied the top rungs of the political ladder and eclipsed the power of the kings.

The alternate route to social prominence for the Indonesian became the new civil service. Those who joined its ranks were educated mainly in schools set up by the Dutch. In these schools and in the civil service they gained knowledge of western science and culture, but more importantly they gained experience in government. When the Dutch occupation finally drew to a close, it was these Dutch-trained and educated, mainly Javanese Indonesians who possessed expertise in running a government and who were called on to lead the independence struggle.

Traditional Javanese society's disregard for a merchant class posed a problem for the Dutch, who needed to establish a trading network. The Dutch found their answer in the ethnic Chinese who had come to Indonesia seeking wealth from the trade industry. Generally more work-oriented than the easy-going Javanese, the Chinese were better suited for working

with the Dutch. Also, these Chinese had been traders and merchants in their former homeland, therefore they already knew the business.

While this solution worked for the Dutch, it did not work for the Indonesians. The wealth derived from trade far surpassed what could be obtained through agriculture. Thus the ethnic Chinese soon controlled wealth disproportionate to their population. Moreover, when the Chinese used their trading wealth and business shrewdness to turn traditional Indonesian farmers into tenants on their own ancestral lands, the seeds of ethnic rivalry were planted.

The treatment of Indonesians by the Dutch varied in harshness. At its apex under the Cultivation System peasants were forced to dedicate large portions of their land to grow cash crops such as coffee; this diversion of resources away from rice production led to widespread famines. Under the Ethical Policy native Indonesians were allowed to practice medicine and law, and their tax burdens were somewhat reduced.

Throughout the Dutch occupation, however, the Indonesians were subjugated to the Dutch, second-class citizens in their own country (or third class, since the ethnic Chinese were generally better off). The Dutch exploited their East Indies to recover from damages in Holland caused by two world wars. The islands were even controlled for them by the British pending their return after World War II. Throughout most of Indonesia's struggle for independence the United States

reluctantly perceived that maintenance of the Dutch position in Indonesia was vital to the former's security in Europe.

The Dutch rule was the last period of Indonesian history prior to their independence. Though certainly not a golden era, its understanding is as important for defining modern Indonesia as is the periods of the great Srivijaya and Majapahit dynasties. As with most countries, the current political culture cannot be fully appreciated without placing it in its historical context. That is the subject of the next section.

B. INDONESIAN POLITICAL CULTURE

Two concepts are fundamental to understanding modern Indonesian politics: the first is the prevalent position of the Javanese in society; second is the view of world actors as colonial or "neo-colonial" powers, still trying to further their own interests at the expense of less capable nations.

To understand the nature of Indonesian politics is to understand the role of Java. It was Javanese culture that dominated the islands when the Europeans found them; it was this culture the Dutch thought of as indigenous and thus to them it was "Indonesian culture." Finally, it is to a large extent the Javanese traditions and mindset that predominate Indonesian politics today.

The most obvious explanation for Javanese dominance in politics is their dominance in the citizenry. Though the island is smaller than Sumatra and Borneo, Java is home to more than 60 percent of the Indonesian population and hosts one of the highest population densities in the world. Java is host to the nation's capital, Jakarta (which was taken from the Dutch after independence and renamed from Batavia), which is also the financial, business, and social capital. As was explained earlier, the Dutch development of Java as the focal island increased its prominence over Sumatra--despite its great pepper fields and trading centers, Borneo--despite the lumber supply provided by its tropical rainforest, and Ternate and Tidor--despite the wealth their spices provided for the Dutch treasury. After three-hundred years of colonial rule, only Java was equipped to accommodate the budding republic's political demands.

Deeper reasons exist, however, for the prominent position of Java, and those stem from the Javanese culture itself. One aspect of that culture is the willingness and ability to assimilate aspects of foreign societies into their own. The Javanese were traditionally more content to absorb foreign villagers and their ideas into their own culture than to reject these offhand. This trait has already been discussed in reference to the Javanese absorption of first Indian and then Arabic religions. It was also true of their treatment of Western culture. While the Sumatrans reacted coldly to the

arrival of the Europeans, the Javanese accepted these outsiders on more favorable terms.

This reveals another important Javanese trait, the preference of compromise over conflict. Because of their easy-going nature, Javanese chose to settle their disputes not by battle but by a meeting of village leaders. These leaders held long deliberations until opposing views were meshed into one view, the result of compromise by all sides. This one view was then presented to the villagers as the choice of all leaders involved. There was no dissenting opinion offered to the public, no alternate course to be followed.

This favoring of compromise is ever present in Indonesian government today. The President's cabinet examines policy questions and searches for answers acceptable to all concerned. There is no vote taken, no majority rule which overrides the opinion of the minority. Decisions offered to the President are the result of compromise and consensus. This Javanese trait is best demonstrated by the idea that majority rule only starts problems; it does not solve them.

This is one explanation why Javanese culture facilitates, if not dominates, Indonesian politics. It is certainly easier to formulate government policy when concerned parties are willing to give and take. It is likewise easier to formulate and conduct foreign policy when the ideas of other nations are accepted and reviewed rather than rejected out of hand as

coming from "foreigners." The great leader Sukarno[1] accepted that Indonesia could in no way isolate itself from the world and hope to accomplish its goal of modernization; Sukarno was Javanese.

Another Javanese trait is gotong-rojong. Roughly translated, it means helping one another.[2] In the agricultural villages of Java, members cooperated to build the roads and canals, repair each other's property after natural disaster, and did what was necessary to keep the village prosperous--without seeking compensation. The village was the source of a Javanese person's social identity. Indeed one of the stiffest punishments was banishment from the village, and it was reserved for robbery, murder, and other crimes deemed threatening to the village life.

This idea of gotong-rojong facilitates the establishment of the collective as the principal economic unit. Labor and resources are pooled, and the results are shared by all contributors. Article 33 of the 1945 Constitution (still in effect) states, "The economy shall be organized as a common endeavor based upon the principles of the family (i.e., village) system."[3] The fostering of cooperation eases

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[1]Indonesians, especially Javanese, have traditionally used only a surname. This is the habit of Sukarno and Suharto.

[2]Howard Palfrey Jones, Indonesia: the Possible Dream (New York: Harcourt Brace Jovanovich, Inc., 1971), 9.

[3]*The 1945 Constitution of the Republic of Indonesia*, art. 33.

tensions brought on by ethnic differences, crowded cities, and poverty.

Gotong-rojong also contributes to a modern phenomenon. Village men leave for the cities just long enough to acquire sufficient wealth with which to return to the village and support the family. For these workers, their village is still the predominant social structure. This temporary work force has adversely affected city-based industries who depend on a stable work force, one which plans to remain in place for a number of years.

The political culture of Indonesia is determined by more than Javanese cultural traits. The absolute control over the islands wielded by the Dutch for three centuries, followed by three years of Japanese domination for the purpose of feeding a war machine, followed again by the exploitation of the natural resources to rebuild a war-ravaged Holland has left a bitter taste of anti-colonialism in the mouths of the Indonesians.

Their experience has left the Indonesian government suspect of all foreign powers who deal with it. For forty years Indonesia looked at the People's Republic of China mainly as a source of subversion; this also fostered animosity toward ethnic Chinese living on Indonesia, who were seen as a potential threat which could be stirred to revolt by directions from the mainland. The Soviet Union enjoyed no better position once they established permanent bases in

Vietnam. Those bases personified the threatening and expansive nature of that communist country. Modern Russia is less of a threat now because of its massive internal problems, but a watchful Indonesian eye is kept on it.

The non-communist world fairs no better in the eyes of Indonesia. Europeans are regarded as the traditional colonists who sacrificed the development of nations throughout Africa and Asia to increase their own wealth and prestige. The United States and Japan join the European community as neo-colonials, still seeking to subjugate the best interests of Indonesia to suit their own goals. That leaves few world powers who are not suspect.

This distrust often drives Indonesia's foreign policy. Though in need of large amounts of foreign aid and capital investment, Indonesia takes the high road in bilateral negotiations. While conventional wisdom states that beggars cannot be choosers, Indonesia has negotiated significant loans under tremendously favorable conditions. Indonesia has also been known to refuse loans or grants which contain "too many strings."

Colonial, or neo-colonial, domination fosters a fear in Indonesia of not being able to control events in its own backyard, namely Southeast Asia, let alone the rest of the world. This in turn drives Indonesia's reliance on international organizations to assist it in achieving the country's foreign policy goals. The United Nations(UN), the

Non-Aligned Movement(NAM)--of which Indonesia was a co-founder, and the Association of Southeast Asian Nations (ASEAN) are the primary organizations through which Indonesia tries to expand its role on the world stage.

Modern society certainly influences the Indonesian political culture. Perhaps the most dominant is the role of Islam in today's Indonesia. While 90 percent of the population professes Islam as its religion, the number of santri--or closer adherents to traditional Islamic fundamentals--is growing. Whereas the abangan--nominal, or less strict adherents--are content to leave religion out of politics, the santri generally are not. Their increasing strength translates into increasing clout.

Standing generally opposed to the santri is the ABRI (Angkatan Bersenjata Republik Indonesia, Indonesian Armed Forces). This is not because the ABRI, dominated by the army in size and importance, contains no Muslims. Rather it is because the growing power of the santri comes at the expense of the ABRI. The ABRI sees the santri as a threat to its own social prominence and therefore often reacts harshly (or overreacts) to santri demonstrations.

One aspect which has been a target of santri attacks is the ABRI's dwi fungsi, or dual role. Not only is the military charged with maintaining security from internal and external threats, it also controls some of the larger state-owned businesses in Indonesia. The government justifies dwi fungsi

by maintaining that the resources of Indonesia belong to all its inhabitants; therefor the military as defenders of all Indonesians are in the best position to oversee industries which use those resources. The ABRI is a dominant social and political force.

Every aspect of Indonesian political culture is contained in some form within the official government doctrine of Pancasila. This official ideology contains five overriding considerations within which context all government actions are to be undertaken. First espoused by Sukarno during the latter stage of Japanese occupation, Pancasila was embraced by Suharto during his transition to power in 1965-66. The five elements of Pancasila are: nationalism, internationalism, democracy, social justice, and belief in one God.[4]

Nationalism in the Pancasila context means unity of all Indonesians toward achieving the betterment of the country as a whole. It espouses ethnic and religious tolerance, something deemed necessary in a country as diverse as Indonesia.

Sukarno's internationalism has often been translated as humanitarianism and calls for fair treatment and equal consideration of all nations; it is the Indonesian view of how government-to-government dialogue should occur.

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[4]George McTurnan Kahin, *Nationalism and Revolution in Indonesia* (Ithaca, N.Y.: Cornell University Press, 1952), 123-125.

Democracy in Pancasila more accurately refers to a representative government which determines national policy by consensus. Any religious and social differences are to be settled through compromise in discussions which take place within a representative legislature.

Social justice is a plea for economic equality, or at least a minimizing of the wealth gap between rich and poor. It calls for the government to control national resources so they can be exploited for the good of all, and it disdains the idea of an economic elite class. Social justice expounds on the gotong-rojong principle on a nationwide scale.

Finally, belief in one God is a compromise to the strict adherents of Islam. While professing that the god referred to is Allah, neither the Pancasila nor the constitution provide for Indonesia to be an Islamic state. The right of the people to worship as they choose is maintained.[5]

Pancasila is a vital part of today's Indonesia. In 1982 President Suharto decreed that all sanctioned political parties had to accept the Pancasila as their official ideology. Suharto believes that contained within its principles are the tools for national development, the foremost tool being the formation of a tighter union.

The historical background explains the current Indonesian political institutions and aims. That the Dutch could have

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[5]ibid.

stayed in Indonesia for three-hundred years and not affected the indigenous culture is an improbable notion, and so the societal effects of Dutch colonial rule are superimposed on the rich historical tradition of Srivijaya and Majapahit. The characteristics of modern Indonesia stem from its colorful history.

C. HISTORY OF INDONESIAN-AMERICAN RELATIONS

The history of U.S.-Indonesian relations begins well before the Southeast Asian archipelago expelled the Dutch in 1949. Americans, themselves colonial "masters" in the Philippines, were already familiar with the rubber, pepper, and coffee fields of the Netherlands East Indies; industry giants Standard Oil and Goodyear Tire Company led the way. Yet when those Southeast Asian islands felt that nationalist surge which swept across the colonies of the world's empires following World War I, when it came time for Indonesia to make its stand for sovereignty, the United States struggle against its British colonial master came to mind.

What the Indonesian nationalists Sukarno and Mohammed Hatta believed was the beginning of the end of their colonial status began with the German invasion of Poland in 1939. After nine months of posturing on both sides of the Maginot Line, the floodgates opened and Hitler moved his army against the European lowlands of Belgium, Luxembourg, and Holland.

The Dutch army collapsed under the onslaught of Hitler's blitzkrieg in May 1940. Still, the Dutch government in exile (in Britain) managed to maintain for the time being their control over their East Indian colonies. In July 1941, the Dutch restricted oil exports to Japan[6], joining with the American and British governments' strategy to remove Japan's economic capacity to wage war in the Pacific.

Cut off from key sources of oil and strategic metals, the Japanese knew that their efforts in China would end in failure. On the other hand, Japanese expansion into the South China Sea and especially into the East Indies would 1) remove those strategic minerals from Allied inventories, and 2) expand the war to a point unsustainable by the already-taxed British and American militaries.

With economic reasons at the core, the Japanese attacked Pearl Harbor on 7 December 1941. While the Americans were still reeling, Japan took over the Sumatran oil fields in February 1942; Java's capital, Batavia, fell the following month. The swiftness with which the Dutch colonial masters were removed from power in Indonesia--and by Asians, not by other white Europeans--shocked the Indonesian nationalists and caused much of the population to lower its estimation of Dutch invincibility.

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[6]Saburo Ienaga, *The Pacific War: World War Two and the Japanese, 1931-1945* (New York: Pantheon Books,1978) 31.

By the beginning of 1945, the Pacific war was clearly going well for the Americans. In June the U.S. received the surrender of Okinawa, effectively severing sea lines of communication between the Japanese main islands and its Greater Co-Prosperity Sphere, which included the East Indies. This seemed favorable for Indonesian leaders Sukarno and Hatta who believed that the war's end would usher in Indonesia's independence.

The Second World War had far reaching effects on Indonesia's nationalists. First, the war left the Netherlands in shambles, its population depleted and its industrial base destroyed. Its armies in the colonies were in the same sad shape as those of the Dutch homeland--exhausted, deflated, and focused on restoring some life to itself.

Furthermore, Indonesia had been captured by Japan in 1942. Three years later, and two days after the Japanese surrendered to the Allies, the independent government of Indonesia was announced, **but it was independence from Japan!** The two primary rulers, Sukarno and Hatta, had cooperated with Japanese occupying forces as a way to facilitate Indonesia's eventual independence.[7] That made them both "collaborators" in the eyes of Allied leaders and undermined their government's legitimacy in the minds of the West.

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[7]Frederica M. Bunge, ed., *Indonesia: A Country Study* (Washington, DC: Department of the Army, 1983), 38.

Another effect of World War II posed a more immediate question for the U.S. concerning Indonesia: with the Dutch armed forces in no shape to reassert control over the entire archi-pelago, would it be American soldiers who fought against Indonesian nationalists? Would this not fly in the face of the wartime proclamations? This problem, too, convinced Sukarno and Hatta that the U.S. would recognize their demand for independence and would comply with Indonesian wishes.

In response to this predicament, the U.S. took the position which would serve to characterize American-Indonesian relations to this day: cautious neutrality. In August of 1945, after the surrender of Japan, Allied control of Indonesia was transferred from Gen. Douglas MacArthur's Southwest Pacific Area Command (SWPA) to the Southeast Asian Command(SEAC) under British Admiral Lord Louis Mountbatten. This transfer essentially made the restoration of order--and presumably the restoration of Dutch control--in Indonesia a British problem vice an American one.

When Indonesia proclaimed its independence on August 17, 1945, it expected recognition from the United States. The reality it found was American recognition of the role of the archipelago in the future of any independent Netherlands. The Netherlands generated one-sixth of its national wealth from

the plantations and oil wells in the East Indies.[8] With its home industries devastated by Axis bombing, the Dutch needed the output of its colonies more than ever before.

As the aggressive nature of the Soviet Union manifested itself in post-war Eastern Europe, fear grew in the U.S. over Soviet preying on the weakened countries of Western Europe. Certainly the U.S. did not want to see any more countries taken into the communist camp, and the most widely accepted way to prevent that was to ensure the economic stability of threatened countries. Dutch control of Indonesia was an accepted way to shore up that nation's economy until its home industries could recover.

The United States retained this neutral posture to the best of its diplomatic abilities during the four-year armed struggle against the Dutch (1945-1949). It was clear to Indonesians, however, that American neutrality was tainted. Although Americans did not take part in any Dutch military actions, the "U.S." logo on Dutch military supplies was clearly visible to the Indonesian nationalists (until President Truman ordered it removed).

As the armed conflict dragged into its fourth year, however, the appearance of neutrality became less convincing.

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[8]J.B.D. Derkin and J. Tinbergen, "An Evaluation of the Economic Significance of the Netherlands East Indies for the Netherlands," in *Colonialism and Cold War: the United States and the Struggle for Indonesian Independence, 1945-1949*, Robert J. McMahon (Ithaca, N.Y.: Cornell University Press, 1981), 39.

The Marshall Plan funds, originally disbursed to bolster European economies, were apparently funding the Dutch aggression, to the tune of nearly one-million dollars per day![9] In fact, U.S. aid to the Dutch for 1948 early equalled the total cost of the Dutch activities in Indonesia. When discovered and reported by the American press, this situation proved politically if not morally unacceptable.

The following year, the Truman administration stepped up behind-the-scenes pressure to seek a peaceful settlement to the Indonesian crisis. The U.S. set up the Good Offices Committee under U.N. auspices to examine the Dutch-Indonesian matter. American representative to the committee, Frank P. Graham, drafted up some proposals he felt would accommodate both sides and convinced the U.S. State Department to urge their acceptance by the Dutch (under threat of cancelling recovery funds).

The result was the Renville Agreement, named for the ship it was signed on in 1948, and it called for 1)acceptance of the Republic of Indonesia into the United States of Indonesia(USI), U.N. control over areas taken over in the Dutch armed actions, and the Republic's representation in the government of the U.S.I.[10] Ambassador to the United Nations

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[9]McMahon, 100.

[10]McMahon, 203.

became the sponsor or supporter of numerous measures ordering the Dutch to cease hostilities.

Finally the U.S. used its biggest gun: Marshall Plan money. Secretary of State Dean Acheson made it plain to the Netherlands government that no money would flow to them in 1950 unless a settlement was reached. On December 27, 1949, the Dutch transferred sovereignty to an independent Indonesian state.

The U.S. had it both ways; it supported the Netherlands and put its economy back on stable ground. It also, though later rather than sooner, became the premier advocate for an independent Indonesia.

The next incident in U.S.-Indonesian relations stemmed from the incomplete settlement between Holland and Indonesia over terms of independence. The future of Irian Jaya, or Western New Guinea (depending on who was speaking of the land of the Papuans) was a bone of contention between the former colony and her former master. The problem stemmed from the reluctance of the Dutch government to leave Irian Jaya, still wishing to retain some link to a colonial past which had increased its prominence on the world stage. The Dutch did not wish to see Irian Jaya incorporated into Sukarno's unified Indonesian nation, so Holland advocated an independent Western New Guinea whose leaders would be chosen by the Papuans, who occupied that half of the island.

Not only did the Indonesians consider Irian Jaya a member of their country, they deeply resented the Dutch arrogance in maintaining a presence there. The Indonesian government presented sound arguments for incorporation: Irian Jaya shared the same continental shelf with Java, it was a part of the Dutch East Indies and therefore was now part of the Republic of Indonesia, and its exclusion would adversely affect Indonesia's territorial integrity.

This dispute led in 1954 to the dissolution of any remainder of a Dutch commonwealth. Diplomatic ties between the two parties were severed, and Indonesia called in its military to "rescue" the Papuans from Dutch control. The Dutch fought tenaciously, claiming that the Papuans asked them to assure the island's independence.

As for the U.S., Secretary of State John Foster Dulles was not convinced by the arguments of either side. The United Nations failed to reach a solution in 1958, and shortly thereafter Indonesia presented a request to the U.S. for $700 million in arms shipments. Dulles wanted the U.S. to maintain absolute neutrality in this Dutch-Indonesian conflict, and he certainly did not wish to supply either side with the means for escalating the violence in the region. But Indonesia had been receiving U.S. aid since its independence, and to stop now would almost certainly be construed by Sukarno (who already was beginning his embrace of the Soviet Union) as American partiality toward its European ally.

In the summer of 1958 the U.S. agreed to complete the arms sale noting, "the Government of Indonesia may use such equipment, materials, and services as may be made available hereunder to maintain its internal security."[11]

After years of fighting, the Indonesians and Dutch found themselves again at the United Nations to resolve their territorial dispute, and again the United States played a prominent role. Secretary-General U Thant asked former U.S. Ambassador to the U.N. (and later Ambassador to Indonesia) Ellsworth Bunker to mediate until an agreement was reached. The Bunker Proposal was accepted by both sides in 1962. It called for a United Nations delegation to replace the Dutch administration on Irian Jaya. This U.N. administration was to last between one and two years. After the first full year, Indonesian administrators would replace the United Nations workers. The final determination of the region would be decided in Papuan elections scheduled for 1969.

Although the Bunker Proposal was accepted, Sukarno was upset that the United States, itself a former colony, did not intervene more favorably on the Indonesian side. Accepting that the interests of the Americans resided in Europe first, and fearing the Chinese communists and their influence in Southeast Asia, Sukarno began courting Moscow more openly.

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[11]Arthur M. Schlessinger, Jr., and Russel Buhite, ed., *The Dynamics of World Power: a Documentary History of United States Foreign Policy, 1945-1975, Volume IV, The Far East* (New York: Chelsea House Publishers, 1973), 690.

Two agreements, in 1957 and 1960, provided $350 million in loans and aid to Indonesia. This concerned the U.S. State Department enough.

What added fuel to Dulles' fire were Sukarno's proclaimed policy of neutralism in the East-West conflict and his efforts in the Non-Aligned movement. Dulles could accept a nation's neutrality (he claimed), in which a nation shared the ideology of America but was prevented for other reasons from openly allying with America. He flatly refused to accept the Indonesian claim that the United States' ideology--at least in practice--was no better or worse than that of the communists!

Perhaps the United States did not fully appreciate Indonesia's position in the world at the start of the 1960's. In the previous twenty years, Indonesia had been through invasion and occupation at the hands of the Japanese, military inter-vention at the hands of the Dutch, and separatist movements such as those in the Sumatran Islands. Now, the nation was trying to raise itself from the ashes--as the Americans did in 1781--while basked in the world spotlight. As former Ambassador to Indonesia Howard Jones said,

> "Indonesia had to shape its own destiny--not American, Russian, or Chinese, but uniquely Indonesian--in the Twentieth Century, with the rapid communications enabling the entire world to watch them. They were afforded little chance for isolationism."[12]

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[12]Speech by F. Howard Jones, U.S. Ambassador to Indonesia, to Dr. Radin Subandrio, Indonesian Minister of Foreign Affairs, 13 August 1958.

The Communist Party of Indonesia (PKI) had already been subdued in a 1948 revolt, so despite Sukarno's recent leanings it is likely that he was courting the Soviets to check the Chinese, not the Americans. In fact, Indonesia continued to request--and receive--U.S. aid of various types throughout the first half of the 1960's.

The ideological battle between capitalism and communism was different for Indonesia. To that nation, and to many others in Southeast Asia, capitalism revived memories of foreign domination and mercantilism, the economic Darwinism which found Indonesia as one of the weak. What Sukarno claimed was neither capitalism nor communism, but nationalism. That explained the intolerance of separatist movements, the nationalization of foreign-owned industries, and the adoption of pancasilla as a banner for pan-Indonesianism. That also explained Indonesia's hosting of the Bandung Conference in 1957, which was the ideological start of the Non-Aligned Movement. Former Ambassador Jones accepted this and asked the U.S. to show patience and to continue aid to Indonesia; it did.

Unfortunately, that patience was stretched by Sukarno's eccentricity in his 1964 "Crush Malaysia" campaign. In 1963 the British relinquished sovereignty to the Federation of Malaysian States on friendly terms which included British rights to permanent military bases in the states. Sukarno was insulted that Malaysia failed to advise Indonesia about this

even though the two countries shared a common border on Borneo.[13]

Claiming that Malaysia was a puppet state of continued British imperialism, Sukarno, now backed by the PKI, launched his program of Konfrontasi. This put an end to the infant organization, Maphilindo. Created in 1963 between Indonesia, Malaysia, and the Philippines, Maphilindo was to be a union of Malay people and the first homegrown attempt to form a union of Southeast Asian nations. Indonesia's foreign minister, Mochtar Kusumaatmadja, said of Maphilindo's collapse just one month after its incorporation, "...the survival of a regional body will always flounder in the face of territorial disputes among its members, and their unwillingness to keep such issues away from the confines of the organization."[14] In 1964 Indonesian troops were air-dropped into Malaysian territory and also fought in Borneo.

The United States Congress disapproved of Indonesia's expansionist actions and backed their feelings by refusing aid of any kind for Indonesia for 1965. President Johnson ordered the Peace Corps to cease their Indonesian operations in 1965

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[13]Malcolm Caldwell, *The Modern World: Indonesia*, ed. C.H.C. Blount, (London: Oxford University Press, 1968), 97.

[14]"Indonesia, ASEAN and Peace in Southeast Asia," Prof. Dr. Mochtar Kusumaatmadja, *Kaleidoscope International* Vol 9 #1 (1984), 43.

as well. American leaders left little doubt that they could no longer tolerate the actions of Sukarno.

A definite shift was seen in Sukarno's ideological leanings. Professing that the world was divided not between communism and capitalism but between rich and poor or light-skin and dark-skin, Sukarno now testified that Communist China was the leader of the Newly Emerging Forces (NEFO); of course, there was a place at the head table for Sukarno in the leadership of the NEFO. Given the increased involvement of the U.S. in South Vietnam and the policy of containment in Southeast Asia, Sukarno's threats heightened America's somber mood.

Earlier it was stated that Sukarno wished not capitalism nor communism but nationalism. In the 1960's this became less true of Sukarno but more true of the Indonesian population. Hatred existed traditionally toward the large Chinese minority in Indonesia; Sukarno's cuddling up to Beijing sparked fear that Chinese in and out of Indonesia would unite to the purpose of seizing control of the archipelago.

It was not long before these fears were realized. In mid-1965, Chinese Premier Zhou En-lai offered to supply arms to a new branch of the Indonesian military, a peasant militia. This ignited opposition in the rest of the armed forces who already viewed increased PKI presence in their ranks with trepidation.

A group of armed rebels personally close to Sukarno, and allegedly with backing from Beijing, staged an unsuccessful coup attempt on September 30, 1965. In the attack, five top generals were executed. Sukarno, though not directly involved in the attack, immediately became suspect because he issued no condemnation of the coup or the execution of the generals.

Though significant gains were made initially by the rebels, the Commander of the Strategic Reserve Command, General Suharto, overturned the coup and quickly killed those responsible. This sparked an anti-communist purge which claimed 200,000 PKI members and supporters and left Sukarno with no power base. He was stripped of all presidential powers in 1967, and Suharto became the second President of Indonesia. Sukarno died in 1970.

The U.S. breathed a sigh of relief at this turn of events. Throughout the year the U.S. Ambassador, Marshall Green, had seen a sky-rocketing of anti-U.S. sentiment fostered by the Sukarno government. At the height of the anti-U.S. rhetoric, the U.S. Information Agency had to close all libraries to prevent further sacking and burning. Yet despite the fact that U.S. interests would be better served with the demise of Sukarno, the U.S. reaction was typical--cautious neutrality.

Neither Ambassador Green nor other American government officials wished to speculate on the lifespan of the Indonesian Army's success. If the U.S. backed the eventual losers in this affair, the American position in Indonesia

would be worse than before the coup. This reaction suited the Indonesian Army and Suharto just fine. They, too, believed their popular support would be diminished by American involvement in strictly Indonesian affairs. Green steered his staff to the lowest profile they had enjoyed in years. Political commentators Evans and Novak praised Green saying, "Keeping Washington quiet and unmeddling in a struggle of this magnitude was the greatest diplomatic feat since World War II."[15] Green described his efforts (or lack thereof) as "the skill of a surfboard rider who comes to shore unscathed; we did not create the waves, or control them, we simply rode them."[16]

Once the outcome was decided and Suharto was seen in firm control of the country, U.S.-Indonesian relations improved dramatically. With its own Southeast Asian affair turning into a quagmire, the United States hailed Suharto's success as a nationalist victory and a major setback to any international communist movement. Within two years of establishing control Suharto severed relations with China. Suharto also announced the end to Konfrontasi and his desires to form a cohesive body from among the Southeast Asian states. In 1966 Indonesia rejoined the United Nations and the International Monetary

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[15]*Washington Post* (Washington, D.C.), 21 December 1965.

[16]Marshall Green, *Indonesia: Crisis and Transformation, 1965-1968*, (Washington, D.C.: The Compass Press, 1990), 64.

Fund; in that same year the U.S. Congress voted to resume aid to Indonesia.

Suharto decided that his country had played in the international spotlight long enough. It was now time to restore his nation's economy, devastated by Sukarno's militaristic policies. The United States was never far out of mind, though. The group of economic advisors entrusted by Suharto were known as "the Berkeley Mafia" because they had received their education ten years earlier at the University of California. Also, the U.S. and Japan formed a consortium called the Inter-Governmental Group on Indonesia (IGGI) to coordinate international aid and loans to the country; the U.S. share of this group's output was one-third.

Now assured that the United States had little to fear of Indonesia becoming a communist domino, the Johnson administration accepted the formation of the Association of Southeast Asian Nations, ASEAN, in 1967. The original signatories of the Bangkok Declaration were Indonesia, Malaysia, Singapore, Thailand, and the Philippines; the latter two were members of the Southeast Asian Treaty Organization (SEATO) organized by the United States. ASEAN was not intended to supplant SEATO nor to place ASEAN members in the Western camp. Rather, ASEAN was designed to provide a framework for cooperation on matters of economic, cultural, and social concern in the region. The Bangkok Declaration

announcing the formation of ASEAN agreed on the following basic principles:

1. commitment to regional solidarity,
2. the need of members to contribute to regional peace and prosperity,
3. opposition to external interference in national and regional affairs
4. commitment to ideals of freedom and social justice
5. mutual accommodation, tolerance, and understanding.[17]

The United States accepted ASEAN as a diplomatic alliance, vice a military or economic one, and believed it posed no threat to SEATO or U.S. involvement in Vietnam (American airstrikes were still carried out against Vietnam from bases in Thailand, Laos, and the Philippines).

The Bangkok Declaration meshed well with President Richard Nixon's policy of burden sharing as expressed in his Guam speech. While the U.S. still supplied its one-third share of IGGI funds, Indonesian accomplishments grew: Foreign Minister Adam Malik was elected President of the United Nations General Assembly, Indonesia staged its first free elections in sixteen years (which Suharto easily won), and the inflation rate was halved over a one-year period. President Nixon granted substantial military aid, noting that the bulk of the requests

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[17]Purbo S. Suwando, "Geopolitics in Southeast Asia: an Indonesian View," in *Geopolitics of Security in the Greater Pacific Basin*, (International Security Council, 1988), 113.

were for trucks and ships to carry internal security troops to the various regions and islands, and for supplies needed to build bridges and improve Indonesia's infrastructure. To demonstrate his pleasure with the country, President Nixon flew to Jakarta to witness the kick-off of Suharto's first five-year economic plan, Repelita I, in 1969.

The American acceptance of ASEAN and of Indonesia proved rewarding to the U.S. Indonesia refused to participate in the Organization of Petroleum Exporting Countries (OPEC) oil embargo of 1974. Certainly Indonesia benefitted from the revenues of increased exports (as they would again during the 1990 Kuwait crisis); unfortunately they were caught up in Congressional reaction toward OPEC members and witnessed a reduction in U.S. aid.

The next opportunity to gauge U.S.-Indonesian relations came with the 1975 Indonesian invasion and subsequent incorporation of East Timor into the republic. According to the Jakarta government, a twenty-eight member assembly composed of Timorese tribal leaders and elected officials voted for full incorporation of East Timor into the Republic of Indonesia.

The United States first involved itself in the matter when it voted against a proposed U.N. General Assembly resolution (31/53, acted on 1 December 1976) which rejected the incorporation. The Deputy Legal Advisor for the U.S., George H. Aldrich, felt that the U.S. had no means to confirm nor

deny the validity of the Timorese assembly vote. Also, the incorporation was a fait accompli; in all likelihood the U.N. would have to commit security forces to reverse the outcome. The U.S. did not see any good coming from that scenario. Finally, neither the Ford nor Carter administrations perceived the Indonesian incorporation of East Timor as a threat to any U.S. national interest.

The announced American stand on the issue was this: the U.S. accepted the incorporation of East Timor, but did not recognize that a valid act of self-determination ever took place. The best way to help the Timorese now was through working closely with the government of Indonesia and local Timorese governments. At the end of the Carter administration the U.S. was responsible for a majority of all foreign aid to the East Timorese, through contributions to the International Committee of the Red Cross (ICRC) and Catholic Relief Services, aiding roughly fifty percent of the Timorese population.[18]

Basically the 1970's saw Indonesia turned inward toward restoring its economy, while the United States, still sore from its involvement in Vietnam, treaded cautiously in Southeast Asia. Two events in the late 1970's altered the aloof relationship between the two countries. The first was the Vietnamese invasion of Cambodia in 1978, and the

[18]*U.S. Department of State Dispatch*, November 1982, 29.

subsequent Chinese invasion of and Vietnam. The second event was the increased Soviet presence in Vietnam, especially at Cam Ranh Bay.

Indonesia addressed concern for the Cambodia question through the framework of ASEAN; every ASEAN member feared any expansion of the conflict to other parts of the region, just as they feared the role China had assumed for itself as guarantor of the regional status quo. Thus ASEAN and especially Indonesia worked throughout the 1980's to determine a peaceful settlement to the Cambodian process. ASEAN's ideal solution was

> "...a neutral [Cambodia] posing no threat to its neighbors would come into being under a freely elected indigenous government, which at the same time see Vietnamese political influence at play, albeit without Vietnamese military presence."[19]

The cease-fire arrangement finally agreed upon was largely a product of Indonesian efforts.

As for the increased regional presence of the Soviet Union, it should be accepted that Vietnam was using the Soviets in the same manner Sukarno did in the 1950's, i.e., as a check on the regional influence of Communist China. Even so, it was recognized by the ASEAN members that Soviet power projection from Cam Ranh Bay and Da Nang (the former American

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[19]Sarasin Viraphol, "Political Development in Thailand and the Kampuchea Problem," in *The ASEAN Success Story: Social, Economic, and Political Dimensions*, ed. Linda G. Martin (Honolulu: University of Hawaii Press, for the East-West Center, 1987), 186.

base) extended well into the equatorial Pacific and in wartime could serve to sever ASEAN states from crucial suppliers and defenders.

In response to this increased threat, Indonesia requested and received an increase in American Foreign Military Sales (FMS), which were used to upgrade their anti-troop and anti-ship capabilities. Loans were arranged for the purchase of U.S.-made F-16 fighter planes, hardly a weapon for ensuring internal security. When the Indonesian Armed Forces, which had for so long bore the brunt of tight economic policies, realized the potential for fighting again for their national survival, the United States offered them the means for improvement and demonstrated American commitment to the anti-communism (or at least to the neutralism) they professed.

The Reagan and Bush administrations based their relations with Indonesia on three pillars: shared strategic perceptions and interests in Southeast Asia, including regional stability; multibillion dollar trade and investment relations; and political dialogue (in a bilateral and/or multilateral context) aimed at the problems of Cambodia (and the associated Indochinese refugee problem) and human rights issues[20]. The increase in FMS addressed above was offered as a solution to the first pillar.

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[20]*U.S. Department of State Dispatch*, May 1983, 42.

The second pillar is represented by the fact that thirteen percent of Indonesia's trade is with the U.S.; moreover, the Indonesians enjoy a four-and-one-half billion dollar trade surplus with the United States. Favorable export agreements on textiles add to the revenue generated by oil and natural gas production.

The third pillar, human rights, remained a non-issue throughout much of the 1980's, with an occasional interruption. Growing displeasure with the perceived (and real) corruption of Suharto's children, demands for political reform, and occasional racial tension led to periodic demonstrations, which were almost invariably put down by the police and which resulted in numerous injuries and imprisonment for demonstrators.

In November of 1991, however, the human rights issue was thrust into the forefront. According to two American journalists who were on the scene--and suffered physically for it--Indonesian troops opened fire with automatic weapons on a group of peaceful demonstrators in Dili, the capital of East Timor. The demonstration was to commemorate the death two weeks earlier of a local dissident as he took refuge in a Catholic church. The calling in of the troops was probably due to the sheer size of the demonstration, estimated to be several thousand people strong. The killing of the civilians (fifty by official count, two-hundred by private reports) was clearly a misuse of force. The official Indonesian commission

which investigated the incident determined that excessive force was used. Along with his personal apologies to the victims' families, Suharto offered the sacking of the regional and provincial military generals as well as an overall shake-up in the leadership of the armed forces.

The U.S. response was mixed. The Bush administration joined the world in condemning the soldiers' actions. They did, however, accept the findings of the Indonesian commission and lauded Suharto for his efforts after the event. The U.S. chose not to follow the Dutch lead to cut all aid to Indonesia for 1992. Although the issue was raised in Congress, Deputy Assistant Secretary for East Asian and Pacific Affairs, Kenneth Quinn, testified:

> "[Some] urge that we cut U.S. security or economic assistance to Indonesia. Such a course, in our view, would not produce the desired results which we all seek and could have negative consequences: for U.S.-Indonesian relations; for our limited influence in Indonesia; and, most importantly, for the people of East Timor.
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> Also, to cut off programs such as International MilitaryEducation and Training, which help to promote democratic values and respect for human rights, would not foster such goals but rather would markedly reduce our influence and role as an interlocutor."[21]

Judging from Indonesian reaction to the Dutch decision, Quinn's point was accurate. Indonesia chastised the Prime Minister of Holland, Ruud Lubbers, for his "reckless use of

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[21]*U.S. Department of State Dispatch*, March 1992, 215.

their development aid as an instrument of intimidation."[22] Indonesia then cancelled the 1992 IGGI meeting. Indonesia's message was clear: we are still the crossroads between oceans, and we are still rich in natural resources and economic potential. Help us, and share in the prosperity; cross us and watch from the sidelines. The Bush administration chose the former.

Despite the East Timor issue, U.S.-Indonesian relations today are generally cordial. The United States accepts that they exercise little influence over Indonesian policies. Many of those policies if not favorable are not harmful to U.S. regional interests. ASEAN remains a organization of non-communist states, and Indonesia remains the association's largest member. The Non-Aligned movement, which Indonesia will chair from 1992 to 1995, presents little interference to American actions in Southeast Asia, at least in the 1993 political scene.

Perhaps the biggest indicators of future U.S.-Indonesian relations are the collapse of the Soviet Union coupled with the withdrawal of the U.S. from the Philippines. The balance of power in Southeast Asia may be shifting, with China and India jockeying for position, and questions of Japan's role being posed by officials on both sides of the Pacific. Thailand has already entered negotiations with the U.S. to

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[22]*The Economist*, 4 April 1992.

retain an American presence in the region, as have Singapore and other ASEAN nations.

Whatever the course for Indonesian-American relations in the 1990's and beyond, that course will undoubtedly be determined in context of each side's national interests. Those interests define the foreign policies each country pursues and therefore govern how and when the two countries interact.

II. INDONESIA'S NATIONAL INTERESTS AND THE UNITED STATES

A. GOVERNMENT OF INDONESIA

Before examining the national policy of Indonesia, it is necessary to determine how that policy is formulated and enacted. Particularly, this section will explain the set-up of the Indonesian government, according to their constitution. More importantly, the extra-governmental institutions and practices explain more fully how Indonesia's leaders govern the country and determine its policy.

According to Indonesia's constitution, adopted in 1945, the legislative assembly is the highest government organ, and so one could choose to begin an examination of the Indonesian government with the legislative branch. For purposes of analyzing the policy-making power in Indonesia, it is better to begin with the executive branch.

The Presidency of Indonesia is the country's most powerful political position by far. He (a female president is not in the foreseeable future, though a relative of the first president, Sukarno, is up and coming) is indirectly elected, voted in not by the population but by members of the Majelis Permusyawaratan Rakyat(MPR, People's Consultative Assembly)

and serves a renewable term of five years. Considering that the president selects over 50 percent of the MPR, under the current system, the standing president serves at his leisure despite the majority rule provision.

Similar to the American system, the president is the head of state, head of government, and supreme commander of the armed forces. As the head of state he travels abroad, receives visiting foreign dignitaries, and presides over national ceremonies the largest of which is the August 17 Independence Day celebration.

In this role the president ensures that the populace sees him as the country's most important person, an identity he shares with the kings and village chiefs of historical times. While considered a secondary title in many western nations, the Indonesian head of state garners the popularity of the people he represents to the world. This role and the popularity it brings facilitate the performance of the president's other roles.

As head of government, the president has the power to introduce legislation for ratification by the regular legislature, the Dewan Perwakilan Rakyat(DPR, People's Representation Council). In the event of a national emergency, the president can single-handedly enact legislation; his laws must be approved by the DPR at their next meeting, which can be up to a year apart. The president may also enact "...government regulations to expedite the

enforcement of laws."[23] This power increases his legislative authority in that these regulations may be offered as presidential interpretations of the General Guidelines of State Policy set down by the MPR.

Under the authority of the head of government, the president holds the power to appoint ministers, ambassadors, and other government officials. This political sword cuts many ways. Most obvious is the president's ability to surround himself with trusted advisors or like-minded supporters. This increases his actual control over policy formulation and implementation.

The president can also use this power to portray support for various societal organizations (religious, military, women's, students, etc) while simultaneously minimizing the effect of these organizations on policy; much of the staffs surrounding these appointments are also controlled by the presidency or the standing bureaucracy, effectively limiting the volume of one "squeaky wheel."

Finally, the president can appoint potential political rivals to ambassadorships out of the country, thereby removing his competition while preserving their dignity and status.

The president is the supreme commander of the Indonesian armed forces. He can send troops overseas, as did Sukarno against Malaysia, or he can withdraw them from overseas

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[23]*The 1945 Constitution*, art. 5, sec. 2.

entanglements, as did Suharto with Malaysia. Recalling the military's dwi fungsi role, not only can the president dispatch troops to quell domestic uprisings, he controls the leaders of the public enterprises and so has a large say in economic policy as well.

While the formal roles of the president are substantial, his informal roles serve to consolidate his authority over all other sections of government. In a government run by consensus, the president holds the top bargaining position. As the dominant political figure in a centrally controlled system, the president can pick and choose coalition partners, and use threats and rewards to build the consensus needed to enact what is basically his policy. Other ministries need support of the president to carry out their work. The state-controlled industries need guaranteed resources to run. Most of the government's highest officials need the president's support in order to keep their jobs.

This position of chief consensus builder has been handled skillfully by the current president, Suharto. Suharto has courted the potentially disruptive Muslim factions by giving them more attention on matters concerning the Middle East. Suharto has also recently allowed them to flex their political muscle vis a vis the ABRI, by showing up at the inaugural meeting of the Association of Muslim Intellectuals in December

of 1990,[24] a group over which the military has little influence.

Suharto has demonstrated his flexibility in consensus building. The military, almost assuredly with the knowledge if not the explicit consent of the president, has stepped up its suppression of "radical" Muslim groups such as the Usroh groups, or quasi-underground Muslim activist groups. The ABRI justifies its actions by comparing these Usroh with communist organi-zations.

He has repeatedly kept political challenges to a minimum by invoking the Pancasila and painting rival groups as threats to its principle of national unity. In this vein Suharto forced the nine existing political parties to merge into three broad-based parties in 1973.

Policy by consensus under Suharto takes the following form. Suharto's desire to maintain balance among the factions competing below him cause his focus to be shifted away from the substance and more toward the origin of policy alternatives. The current president makes decisions which are in line with his own convictions, leaving room for debate only on the fringes of policy issues. Finally, Suharto will make a decision which is reached by consensus providing that the decision will not ignite further factional competition or

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[24]Arthur J. Banks, ed., *Political Handbook of the World, 1991: Governments and Intergovernmental Organizations as of 1 July 1991* (Binghampton, N.Y.: CSA Publications, 1991), 311.

worse. In the end, if that means no action is taken, that too is policy. At any extent, the president is in the driver's seat.

Suharto's extra-constitutional powers are perhaps nowhere more evident than in the economic realm. While Suharto himself claims no business holdings, the economic undertakings of his children have gained the president much unwanted publicity and have caused top officials to decry what they call corruption from the highest levels.

Suharto's three sons, one daughter, and a nephew all have partnerships in the largest holding companies in Indonesia. These companies control monopolies in every sector of the economy, from clove and tobacco growing, to fertilizer production and agribusiness, to construction and aircraft manufacturing. Usually the Suharto family member is a silent partner. That silence is golden, however, as few foreign firms gain access to the Indonesian market or its resources unless they enter into a joint contract with one of the Suharto family's holding companies.

The monopolies induced by the economic undertakings of the president's family have hurt Indonesia's image as a sound place for foreign investment. These holding companies and the firms under them manage to net nearly all government-awarded contracts; they also obtain favorable lending from state-owned banks.

While Suharto is the most powerful Indonesian in the government, he does have help. The most important group of formal presidential advisors is the cabinet. There are seventeen ministries; their leaders meet at least once per month--with the president in attendance--to discuss and submit policy recommendations. Decisions of the cabinet are reached by consensus, not vote. Accordingly, difficult policy dilemmas circulate for long periods within the cabinet before a consensus can be achieved. While this limits the ability of the cabinet to react quickly, it ensures that whatever policy recommendations emerge have been considered with regard to their impact on and acceptance from various facets of the Indonesian society.

The cabinet, acting as a whole, has the authority to submit legislation to the DPR. Since the president attends all cabinet meetings, such legislation can be considered to be congruent with his own agenda. Most actions of the cabinet, however, are taken by individual members rather than by the group. Cabinet members serve at the discretion of the president alone; they cannot be relieved by the DPR.

The seventeen ministries are grouped into three encompassing categories and overseen by coordinating ministers. The three coordinating ministries are: Political and Security Affairs; Economic, Industrial, and Financial Affairs; and People's Welfare. Even more so than the other cabinet members, the coordinating ministers are cronies of the

president and enjoy special access to him. Of course in gotong-rojong fashion, that access comes with the price of keeping the subordinate ministries in line with the president.

Foreign policy concerns occupy the agendas of many cabinet ministries. The most obvious is the Foreign Ministry, directly charged with managing state-to-state affairs. The current minister, Ali Alatas, shares President Suharto's view of an "independent but active" foreign policy. He is an accomplished statesman who can add to his resume the normalization of relations with the People's Republic of China (PRC), co-chairman of the 1990 Paris conference on Cambodia, and the election of Indonesia as the chair of the Non-Aligned Movement for 1992-1995. Alatas has also ensured Indonesia a prominent voice in transitioning ASEAN to a post-Cold War body.

The preeminent position of the Foreign Ministry in the conducting of foreign policy is largely due to Suharto's trust in Alatas and does not represent a permanent functional role. The Defense and Security Ministry, for example, has undercut the Foreign Ministry on several occasions. One recent example is the negotiations with Malaysia on joint cooperation for eliminating communist rebels operating from the common border separating Malaysia and Kalimantan. These negotiations were conducted and concluded under the purview of the Defense and Security Ministry, without involvement from the Foreign Ministry.

The foreign policy involvement of the Defense and Security Affairs Ministry is due to the number of former military members who now work in the Foreign Ministry, placed there by Suharto as a reward, a way to maintain influence in the ministry, or both. The other major reason is because of the military's charter under "dwi fungsi" allows it to take actions deemed necessary "for state security," as the Malaysian example demonstrates.

Certainly other ministries play a role in determining Indonesia's foreign policy. The Trade and Industrial Affairs ministries both court foreign governments for capital and expertise to help their concerns. Both the Forestry and Mines, and Energy Ministries have had a say in determining Indonesia's relations with export and development partners as the country sought to balance preservation of resources with national development.

Clearly the cabinet serves a considerable role in conducting Indonesia's foreign policy. Whether taking actions as individual and sometimes competing ministries, or whether achieving a consensus opinion to present to the president, the cabinet's role is an important one.

The Supreme Advisory Council(SAC) also serves the president in an advisory capacity, though of lesser import. Thirty-three members are selected by the president from prominent figures on the political scene and serve for a five-year term. While serving on the SAC, members are prohibited

by law from holding other public office so as to prevent parochialism. Appointment to the SAC then becomes a convenient storage place for prominent presidential rivals while on the surface apparently showing favor with them. The SAC is tasked to render advisory opinions on national policy issues, either at the president's request or upon independent initiative. The former instance is the norm, although lately the SAC has been more outspoken on the economic dealings of certain national planning commissions.

As was stated earlier, the Presidency of Indonesia is the chair of power. It is not, however, the country's highest governmental organ, so says the constitution. That honor belongs to the People's Consultative Assembly, MPR. The one-thousand-person body has a complex membership scheme. One-half of the MPR are members of the People's Representation Council, or DPR. The remaining half is composed of regional delegates, representatives of functional groups (such as women's groups, cooperatives, and industries), members of the military, and representatives from the officially recognized political parties. Those party seats are apportioned according to each party's percentages in the previous national elections.

Although the "highest organ of the state,"[25] the MPR is limited in the practice of power. To begin with, the MPR

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[25][Guide To]*The 1945 Constitution*, 18.

meets only once every five years. During that time, the group has two primary tasks: election of the country's president and vice-president by majority vote, and formulation of the Guidelines of State Policy of the Republic of Indonesia. Half of that first task, election of the president, is a foregone conclusion. The president selects over half of the MPR's delegates, ensuring himself a majority of votes. As for selection of the vice-president, one sees the Javanese characteristic of consensus at its finest. With the growing age of Suharto and recurring doubts over which five-year term will be his last, the selection of the vice-president is of major importance. Therefore any vice-presidential candidate must be supported by both the Muslim and military elements of the MPR, and by Suharto himself.

The second primary task of the MPR is formulation of the state guidelines for the upcoming five-year period. Considering that the body meets only once in five years, the MPR does little policy formulation, and mainly serves to legitimize what is basically the program of the president and his advisors. Given the complexity of Indonesia's political environment and the legacy of Sukarno's Guided Democracy (a veil for what turned out to be increasing dictatorial style of his leadership), this legitimizing function is not to be discarded as unimportant. Ratifying policy, however, is not equal to making policy.

The president is not the only state actor who can exercise control of the MPR. All applicants for MPR seats must pass a screening process by the Operational Command for the Restoration of Security and Order, the Kopkamtib. The Kopkamtib conducts domestic intelligence and serves as the mechanism through which Suharto keeps a lid on rival political groups. Officially, this organization of the ABRI screens candidates for "security" reasons, to ensure that they have no ties to illegal political groups (most notably the Communist Party of Indonesia). In practice, however, this group has steered the make-up of the MPR to favor GOLKAR,[26] the president's political support base.

In 1982 for instance, the Kopkamtib immediately accepted the list of potential candidates from John Naro, then-leader of the United Development Party(PPP). This was despite the fact that Naro's list was drawn up entirely by Naro himself and did not enjoy support of the Muslim Scholars, the NU, who were protesting the central government's order forcing all parties to accept Pancasila as their only political doctrine. By accepting Naro's list, the Kopkamtib not only silenced

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[26]*Sekretariat Bersana Golongan Karya*--Joint Secretariat of Functional Groups--technically not a political party, GOLKAR is an association of functional groups and interests. It represents the interests of women, farmers, industrial groups, veterans, youth, and others, and is controlled by former ABRI members. Unlike PPP and PDI, GOLKAR is touted as the official representative group of all Indonesians.

opposition to the executive order but forged the split which resulted in NU's withdrawal from the PPP.

The People's Consultative Assembly is the sole keeper of the Indonesian constitution and nominally has the power to interpret the constitution. The MPR does not, however, have the authority to initiate legislation, nor is it empowered to consider specific policy actions beyond the broad Guideline for State Policy. Those responsibilities are reserved for the People's Representation Council. The DPR consists of five-hundred members, four-hundred of whom are directly elected by regional constituencies. Three-fourths of the remainder are members of the ABRI (although active duty officers are prohibited from holding elected office), while twenty-five representatives are nominated by Indonesia's provinces and approved by the executive branch.

The DPR holds session at least once every year and performs routine legislative functions. It is in the DPR that legislation is acted upon, whether initiated by the DPR members or by the executive branch. Even presidential decrees must receive approval in the DPR to be enacted (or to remain in effect if the decree was made while the DPR was not convened). Bills passed by the DPR are then submitted for presidential approval. The DPR also has the authority to determine the Indonesian government's budget and in fact must enact a law sanctioning execution of the budget.

The DPR is not to be construed as the president's rival for political power. That is far from the case. In fact, the DPR is expressly forbidden from impeaching the president or any member of his cabinet. Moreover, the DPR does not have the power to override a presidential veto. Once a bill passed by the DPR is vetoed, that bill may not be resubmitted during the same legislative session and therefore must wait at least one year for resubmission. For its part, the DPR cannot be dissolved by the president and so at least in its existence is not dependent on the president.

Before leaving the specifics of the government structure, the political parties deserve examination. There are three officially sanctioned parties: GOLKAR (the composition and scope of GOLKAR is explained in note 25); the United Development Party(PPP), which represents the politically active Muslim population; and the Democratic Party of Indonesia(PDI), representative of the former Nationalist Party and other groups. The PPP and the PDI are conglomerations of former parties. In 1973, the central government forced all parties into the three groups existing today. The reason for the consolidation was to promote unity among the people and discourage devisiveness by political competition. In order to preserve their existence, the three current parties must publicly accept and adopt Pancasila as their official agenda.

Indonesia is only a nominal democracy. GOLKAR traditionally receives two-thirds of the popular votes, and

even its members must be screened and approved by the executive branch. The president exercises authority over security, political, and economic policies. Since he exercises control over sixty percent of the MPR's membership, the president serves as long as he wishes. Political challengers are branded "threats to Indonesian unity" and kept out of the public spotlight. Consensus is the policy, and the president builds that consensus. No policy can be enacted without his approval.

B. FOREIGN POLICY--AN EXTENSION OF DOMESTIC POLICY

For most countries, and especially for developing countries, foreign policy is merely an extension of domestic policy. That is, their foreign relations are geared toward achieving their domestic goals. This is certainly the case with Indonesia. Therefore, this section will examine Indonesia's major domestic policy concerns and how they influence the foreign policy of Indonesia. The main goals of Indonesia's policy are: 1) ensure survival of the state, 2) continue to foster national unity, 3) maintain and preserve territorial integrity against foreign threats, and 4) enhance and promote the national welfare and development through foreign aid and trade.

The most important category of Indonesian policy is that of pursuing state survival and national development. While

such a task is normally a difficult one for a homogeneous country such as Germany, Indonesia's objective is compounded in difficulty by the diversity of the population.

The most serious threat to the survival of the nation comes from the devout Muslem population centered on northern Sumatra. While an overwhelming percentage of the Indonesian population professes to be Muslem, roughly ten percent belong to the santri, or traditionalist category. These santri wish to see the precepts of their faith incorporated into the structure of the government. This includes the elimination of government support for traditional (Javanese) shrines and celebrations to village gods, and the inclusion of shariah in the national law.

While many santri wish to see the "Islamization" of Indonesia, separatist groups exist who wish to form independent, Islamic states. The most serious separatist movement comes from the northern tip of Sumatra, in Aceh. This confrontation began shortly after the victory over the Dutch and the recognition of independence in 1949. Much of the Indonesian army fighting in the region of Aceh were pinned down by Muslim-led forces intent on kicking the Indonesians out and declaring their own independence. Fighting has continued sporadically as has the call for independence. In fact, 1992 marked the end of the latest round of fighting in Aceh, which began nearly two years prior.

Aceh has continued to establish itself as a Muslem province. This is seen by the vast number of religious schools, wide use of the Islamic courts in lieu of civil courts, and the continued strong support for candidates of the PPP.

In the 1987 elections after much politicking and courting of Aceh in the five-year economic plan, GOLKAR found some success by winning a majority of seats on the province for the first time. This exchange of support for economic attention may or may not be permanent. If permanent, the amount of money spent on restoration of mosques, the economic programs for the region, and the use of Islamic phrases and symbols by political candidates indicates the high price the government is willing to pay to ease tensions with traditional Muslims. If in the future the Acehinese withdraw support for GOLKAR and renew their call for independence, the growing santri population throughout Indonesia may take up their cause, to the detriment of the goal of national development.

Aside from the separatist groups on Sumatra, the religious make-up of Indonesia affects foreign policy. The large Muslim population and the increasingly vocal character of santri Muslims directly affect Indonesia's policies toward Middle East issues. The most prominent issue is Arab-Israeli relations. Fundamentally, Indonesia supports the Palestinian claim to the occupied territories. Indonesia also condemns the U.S. relationship with Israel as both a strategic alliance

against the Arab and Muslim worlds and as a colonial-style relationship.

Indonesia is above all, however, pragmatic in its foreign relations. The country did not join in the OPEC oil embargo in the mid-1970's. Despite OPEC's call for solidarity, Indonesia would not take any action which threatened the income derived from its most lucrative export. Also, Indonesia joined the community of non-Islamic nations in strongly condemning the 1990 Iraqi invasion of neighboring Kuwait and actually voted in favor of the use of force to remove the Iraqis.

Returning to problems of separatist movements, survival of an Indonesia intact is threatened not only on Sumatra, but on its easternmost possession, Irian Jaya. Irian Jaya is the western half of the island of New Guinea; the Dutch refused to give up the possession with the rest of the East Indies in 1949, promising the land's inhabitants they could determine for themselves whether or not to join the Republic of Indonesia.

After six years of tense negotiations between Sukarno and the Dutch government--and under pressure from the United States--both sides agreed to turn over control of the territory first to a U.N. organization, and then to the Indonesian government. After a questionable vote favoring incorporation, Western New Guinea was renamed Irian Jaya and became a province of the republic. Eastern, or Papua New

Guinea, is home to a popularly elected government and is not part of Indonesia.

The current relationship between Irian Jaya and the Indonesian government is not necessarily a smooth one. There are separatist movements and insurgent forces whose goal is to break away from Indonesia proper, and this serves to increase the tension in the area.

Looking first from west to east, there are few cultural ties with Irian Jaya. A large mountain range effectively prevents wide-scale communication between east and west. Furthermore, Papua New Guinea was not considered by the Indonesians as part of the former Dutch East Indies, all of whose territory was to be incorporated into the new Republic of Indonesia. Therefore the immediate threat of an Indonesian invasion and annexation of Papua New Guinea is unlikely.

There does exist a threat of violence and intrusion into Papua. The Indonesian government (i.e., Suharto) has indicated it will take military action wherever necessary to suppress the Free Papua Movement, a group pushing for secession from the republic. If guerilla attacks on the ABRI are organized and staged from within the borders of Papua New Guinea, it is expected that the ABRI will take military action across the border. That action would likely be limited to search and destroy tactics carried out against Free Papua Movement members and not against the citizens of Papua themselves.

Any hostile action by the Indonesians across the border in New Guinea would provoke a strong diplomatic response from the Dutch, who still follow events in the region closely, and the Australians, who would view such an action as contrary to regional peace. Given that New Guinea and Australia are separated by only the narrow Torres Straits, it is reasonable to assume that any Indonesian show of military strength so close to Australian territory would provoke an excited diplomatic exchange at the least. Indonesia must take this into account before pursuing any military options on New Guinea, so such action is doubtful.

Looking briefly from east to west, democratic Papua New Guinea has little reason to provoke and even less to attack Irian Jaya. In addition to the topographic obstacles, the ethnic differences between Melanesian citizens of Papua New Guinea and the Malay occupants of Irian Jaya serve to keep the two halves of the island separate. Also, Papuans do not voluntarily provide shelter to members of the Free Papua Movement, nor do they subscribe to its philosophies. In 1987 Indonesia and Papua New Guinea agreed to exchange consular offices as well as to cooperate in the control of border crossings.[27]

Irian Jaya officially became Indonesia's twenty-sixth province in 1969. Seven years later another province was

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[27]Far East Economic Review, *1990 Asia Yearbook*, (Hong Kong, 1990), 141.

added to the republic, that of East Timor. Although the western half of the island of Timor was part of the Dutch East Indies, East Timor was a colony of the Portuguese and remained so after the rest of Indonesia gained its independence. The Indonesians did not fight for its incorporation because, never being part of the Dutch East Indies, it was thought not to be part of free Indonesia.

That changed in 1975 when, due to domestic political turmoil, Portugal abruptly pulled out of East Timor and left no government in its place to administer the area. The Revolutionary Front for an Independent East Timor (FRETILIN) gained the upper hand in the resulting scramble for power in the region. Still displaying a fear of communist subversion ten years after an attempted PKI-backed coup, the ABRI convinced Suharto that the communist-inspired and supported FRETILIN posed a threat to the free existence of Indonesia. "Volunteer" troops landed on East Timor and gained control of the region. Four years later, Indonesia annexed East Timor based on the occupants' alleged popular support for incorporation as the twenty-seventh province.

The annexation of East Timor and subsequent charges of human rights abuses in the province have caused many headaches for the Indonesian government. Primary among the troubles is the United Nations' lack of recognition for the vote of self-determination, by which East Timorese freely chose (so say the Indonesians) to join Indonesia. The United Nations condemned

the action of the so-called military volunteers. Led by Portugal, the United Nations each year renews its demand for an independently monitored vote of self-determination by East Timorese.

Indonesia refuses to permit such a vote. It claims that a twenty-eight member People's Council, composed of tribal leaders and elected officials, agreed "by consensus" on East Timor's incorporation into Indonesia. The Indonesian government feels that a popular vote would only foment further troubles.

The Timor situation and other claims of widespread human rights abuses by the Indonesian government continue to frustrate Indonesia in its dealings with foreign countries. The latest eruption came in November of 1991 when the Indonesian army opened fire against a band of funeral mourners in Dili, the capital of East Timor. Unbeknownst to Indonesian officials, two Western reporters were in the crowd filming the event and managed--though cruelly beaten--to get their story into the world press. Government reports of fifty deaths were contradicted by the reporters' firsthand accounts, and Suharto and the regional army commander were forced to reprimand military personnel. Additionally, subsequent investigations admitted that the attack was unprovoked and that the death toll was three-hundred.

Outrage to the Indonesian actions on Timor poured in from human rights groups such as Amnesty International and from

countries around the world. Portugal and the Netherlands teamed up to lead the European Community in a freeze of all aid to Indonesia until a thorough investigation was made and proper follow-up actions were taken. Acting unilaterally, Holland permanently withdrew $91 million of 1992 aid promised to Indonesia.

An outside observer might think that Indonesia would be better off simply to loosen its grip in East Timor given the economic costs of not doing so. To take that view, however, is to ignore the government's priority of securing its own borders. In as much as Timor, Irian Jaya, and Aceh continue to harbor separatist groups, do not expect tensions in these areas to decrease. The survival of the state as a united element is paramount.

While Indonesia works to secure its borders from within, it cannot ignore potential threats from without. Therefore another major foreign policy goal of Indonesia is to maintain and preserve its territorial integrity against perceived threats. When discussing Indonesia's perceptions of threat origins, it is quite necessary to recall their history; this includes their hardships at the hands of European colonists and the turmoil caused by Sukarno's shift toward Communist China in the early 1960's.

Given that background, it is easily understood that Indonesia is very sensitive to any interference in Southeast Asian affairs by former colonial powers, and especially inter-

ference by those powers in Indonesian affairs. That sensitivity is perhaps justified. In the 1958 Free Aceh movement, separatist rebels were supplied and possibly trained by United States agents (notably the CIA).

Similarly, Indonesia views any attempt by European powers and others (such as Holland and the U.S.) to link economic aid with human rights practices as an attempt to 1)meddle in the affairs of Indonesia and thereby compromise its integrity as a nation, and 2)force Indonesia to model its government after a Western style democracy, which is not practical to Indonesia's leaders.

This near-paranoia concerning outside interference has provoked what seem to be irrational foreign policy decisions. The Indonesian response to the Holland government's decision to cancel aid for 1992 was to ban the meeting of the Inter-Governmental Group on Indonesia (IGGI, a group of nations which coordinates foreign aid pledged from its members) for 1992. This ban expanded into the dissolution of IGGI, because of its Dutch representation. Jakarta's cancelling of the IGGI's meeting was a knee-jerk response to what it viewed as Holland's interventionist outlook. To other members of IGGI, Suharto seemed to cut off the country's nose to spite its face.

Indonesia's view of that decision is quite different. It holds the philosophy that aid and domestic policies of recipients should be separated. Furthermore, the country

believes that if IGGI will not lend support as a group, either its members will act individually or another group will take its place. This follows a cavalier attitude that Indonesia is too promising in the future world marketplace for the industrial powers to ignore. Indonesia's view was ratified in 1992 when the IGGI was replaced by another consortium of donors (the Dutch excluded) named the Consultative Group on Indonesia (CGI) and under the auspices of the World Bank.

As a way for Indonesia to ensure its territorial integrity, it has backed the ASEAN declaration of Southeast Asia as a zone of peace, freedom, and neutrality (ZOPFAN), "free of external power intervention and interference."[28] Although the ASEAN members agree to the legal precepts of a ZOPFAN, the goal will not be considered achieved until "...none of the major powers will have a dominant position in the region and as such will remove from the major powers any opportunity or justification to intervene."[29]

In Indonesian thinking, achievement of a ZOPFAN means the removal of major powers' permanent military bases in Southeast Asia. The recent closure of Clark Air Base and Subic Naval Station by the U.S., and the withdrawal of Soviet and Russian forces from Da Nang Air Base and Cam Ranh Bay Naval Base have

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[28]General Prem Tinsulanonda, "ASEAN: Meeting the Challenges of Asia and the Pacific," *The ASEAN Success Story*, 5.

[29]Jusef Wanandi, "Political Development and Regional Order," *The ASEAN Success Story*, 148.

been met with approval in Indonesia. Singapore's contract to repair U.S. naval vessels is seen as an example for regional countries to follow when pursuing future agreements with outside powers.

The Indonesian view of China is somewhat more complex than that of former colonial powers. First, Indonesia is fearful of China's size and their demonstrated willingness to expand territorially, as demonstrated by their invasions of Vietnam and Tibet. Indonesia believes that with an improved military China could sweep down along the Malay Peninsula and into Indonesian territory.

The second reason for fear of China is more reasonable, if not more probable. Indonesia is concerned that a popular leader in mainland China could incite the ethnic Chinese population living in Indonesia to rise in revolt. Although only roughly two percent of the Indonesian population is ethnic Chinese, they control a disproportionate amount of wealth. Furthermore, through joint Chinese-Indonesian business arrangements (usually the Indonesian is the nominal owner, while the Chinese partner runs the business and enjoys the lion's share of the profits), ethnic Chinese control over one-third of the GNP.[30] This economic disparity has made ethnic Chinese the traditional scapegoat of many Indonesian

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[30]Steven Schlossstein, *Asia's New Little Dragons: the Dynamic Emergence of Indonesia, Thailand, and Malaysia*, (Chicago: Contemporary Books, 1991), 68.

problems. Often riots against government policies have instead turned toward a thrashing of the local Chinese population, as was the case when Japanese Prime Minister Tanaka visited the islands in 1974.

The "justification" for fear of PRC-led insurgency stems from the 1965 coup attempt and counter coup. In 1965 Chou En Lai promised Sukarno 100,000 small arms weapons with which to arm the populace in formation of a "fifth force" of the Indonesian military. This overt complicity of the PKI--the main ingredient of the proposed peasant army--with the Chinese communists resulted in a hostile backlash of the army against both the PKI and the Chinese population in Indonesia.

Because of perceived threats from internal and external Chinese, Indonesia cancelled relations with Beijing shortly after the coup attempt in 1965. It was twenty years before Suharto was convinced that the threat had subsided to the degree that economic relations between the two countries could be re-established. In 1989, full diplomatic relations were restored, but not without the urging of caution from some of Suharto's advisors.

The restoration of friendly relations was based on the Ten Principles of the Bandung Conference, which can be summarized in fewer words: mutual respect for the sovereignty and territorial integrity of each nation, a pledge for non-interference in the affairs of each nation, and a recognition of the equality of each country. It is evidenced by the

format used in the diplomatic restoration that Suharto and other Indonesian leaders still view China as a potential threat.

If relations with the world's most populous country are improving, the opposite can be said of relations with the second most-populous nation, India. One cause of fear is the Indian refusal to agree on the nuclear-free zone concept for the Indian Ocean. Although Indonesia agrees with India that all regional parties must sign the same accord, Indonesia is distressed with India's continued pursuit and testing of nuclear weapons. Indonesia is, after all, a signatory of the nuclear non-proliferation treaty.

The major cause for consternation on the Indonesian side is the growing power of the Indian armed forces, and especially the Indian Navy. Since 1986, India has risen to the top of the ranks of the world's leading military arms importers[31]. What specifically bothers Indonesia are the Navy's imports, which include nuclear-powered submarines as well as large landing ships. While it can be argued that the submarines are for defensive purposes, the landing ships constitute an increase in India's amphibious assault capability and therefore are clearly offensive weapons. At any rate, the large military build-up, which includes a Marine force, is meant to project Indian power at least throughout

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[31]G.V.C. Naidu, "The Indian Navy and Southeast Asia," *Contemporary Southeast Asia* 13 (June 1991), 72.

the Indian Ocean region. One need only study a map to learn that western Sumatra, southern Java, and many smaller islands border the Indian Ocean; therefore any expression by India to "fill the power vacuum" left by the super-powers is interpreted in Indonesia as a potential threat to its territories.

The Indians may very well have as a goal of their build-up the checking of the Indonesian military--itself equipped with submarines and limited amphibious landing capabilities. During the Indo-Pakistani war of 1965 Indonesian President Sukarno offered to "divert Indian attention from Pakistan by seizing the Andaman and Nicobar Islands...."[32] Since Pakistan is a Muslim country, Indonesia can be expected to side with it in a future war with India. Certainly seizure of either Indian island chain, which sit a mere eighty miles off the coast of Sumatra at their closest point, would divert India's attention at least temporarily. It is understandable that the Indian Navy seeks the ability to secure these islands in time of conflict.

Examining the foreign threats as Indonesia perceives them, it is unlikely that Indonesia has to guard its borders against any Western power. With the collapse of the Soviet Union and the American pull-out from the Philippines, the traditional East-West cold war is over in Southeast Asia. Future presence

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[32]G.V.C. Naidu, 76.

will likely follow the U.S.-Singapore model, in which temporary docking or storage rights are granted but permanent bases are not.

As long as China remains focused on improving its economy, Indonesia need not fear them either. A hostile attack from China would jeopardize many of its leading export markets. This is something it can ill afford, since its current domestic market could not absorb the country's growing output. As far as China stirring up the ethnic Chinese population in Indonesia, Indonesia has little to worry about. The ABRI has repeatedly proven themselves capable of putting down riots of varying scales; from a pragmatic business approach, the ethnic Chinese have too much to lose and too little to gain by causing any uprising in Indonesia.

India poses the most serious threat at this time, due largely to its military build-up. The United States will most likely have to reduce its presence in the Indian Ocean due to budget considerations. If that happens, expect India to be the self-appointed replacement to ensure "regional peace." While India may have little to gain by an outright attack on Indonesia, the former's goal of securing the Andaman and Nicobar Islands--so close to Indonesia's own shoreline--may cause confrontation and limited exchanges of hostilities.

While there is no argument that any country must place among its political goals the security of its population and protection of its territorial integrity, President Suharto

from his first days as Indonesia's leader has made another goal his first priority. His number one objective has been and remains today the enhancement of the nation's economy in order to improve the quality of life for Indonesians. Although Indonesia is resource-rich, however, Suharto does not believe his country has the capacity to turn its position around without help from other countries. Suharto's plan to reform Indonesia's economy is to attract foreign aid and foster foreign trade.

Looking first at enhancing aid, Indonesia has sought loans and grants from a variety of sources. The CGI can be counted on for upwards of $4 billion each year, much of that in outright grants. Of the members of the CGI, Japan recently surpassed the United States as the largest donor, contributing nearly half of the total amount. The United States is second among CGI donors providing just under one-third of the total amount.

Indonesia, although the world's 14th largest oil exporter[33], is OPEC's largest debtor nation. Because of its membership in the Organization of the Islamic Conference, it shares in the wealth of other OPEC members by receiving loans from the Islamic Development Bank. Indonesia also benefits from its position as an Asian power, and in 1990 was the

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[33]Far East Economic Review, *1992 Asia Yearbook* (Hong Kong: 1992), 124.

largest recipient of funds ($923 million) from the Asian Development Bank[34].

As a recipient country under the Colombo Plan for Cooperative Economic and Social Development in Asia and the Pacific, known as the Colombo Plan, Indonesia partakes in projects aimed at facilitating technology exchange and filling gaps in a nation's resources.

The obvious question is, how is this money being spent? One of Indonesia's top priorities is the development of its infrastructure, which will in turn facilitate enhanced trade and investment with other nations. To that end Indonesia has contracted with both American Telephone and Telegraph and the Nippon Electric Corporation for installation of a nation-wide network of telephone lines and the associated equipment to run the service. General Electric of America recently negotiated to build new power stations, thereby reducing another obstacle to doing business in Indonesia. Money spent for improved agricultural methods continue to reap rewards, and in 1987 Indonesia became self-sufficient in rice production for the first time.

While Indonesia has been widely supported in its pursuit of foreign aid, the country makes clear certain preconditions before it will accept the aid. First is that the aid must come with no political strings attached. Indonesia makes no

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[34]*Political Handbook of the World*, 1991, 881.

promises of political alliance to potential donors and maintains its rhetoric of an "active but independent" foreign policy. Specifically what causes displeasure in Indonesia is the linking of aid with either human rights practices or calls for a more representative political system.

A second precondition is that the terms of any loan must be "soft" and within the capabilities of Indonesia to repay. While one might think that beggars should not be choosers, Indonesia believes it has a lot to offer other countries, such as resource access and potentially huge markets. Therefore Indonesia is content to shop around for its aid. The policy is successful; Indonesia has managed to secure long-term loans with less than two-percent interest.

The final precondition is more for the recipients than for the donors, as it states that all foreign loans must be used for productive and useful purposes. This demand most likely stems from the irresponsible borrowing practices of Pertamina, the National Oil and Natural Gas Mining Company. Under General Ibnu Sutowo in the mid 1970's, Pertamina almost declared bankruptcy and left the nation to pick up the bills. To prevent a repeat of the Pertamina fiasco, President Suharto placed a group of ten cabinet ministers in charge of reviewing all state requests for foreign borrowing.

Indonesia's success at securing favorable grants and loans is noteworthy, but other governmental policies serve to inhibit further aid. Chief among these, especially to

Europeans and Americans, is the demand for aid without strings. Every time an incident like the November massacre in Dili occurs, Western democracies are called by their own populations to explain why they give money to such violators of international standards. In some cases, such as the Dutch and Portuguese responses to Dili, aid is either frozen or withdrawn. As far as linking aid with political changes, no country will enjoy success. President Suharto firmly believes that he knows what is best for the country. He does not believe that either the American federal or the English parliamentary systems can be successfully adapted to Indonesia, given its unique political culture.

Another Indonesian policy which limits its aid potential is the transmigration program. Under transmigration, inhabitants of the more populous regions of Indonesia, mainly western and central Java, are moved by the government to other regions such as the outer islands. This poses a couple of problems. First, the destinations of transmigrants are already populated, though comparatively sparsely. Few of these indigenous societies welcome the Javanese "invasion". Thus the transmigration policy probably fosters more civil unrest than it relieves. Second, many of the destinations are desolate and all but inhabitable (one need not wonder why migration to these areas is forced). This makes the program expensive, as the government usually provides housing, agricultural necessities, and water resources.

It has been Indonesia's aim to encourage foreign investors and donors to contribute to the development of these destination areas. As can be imagined, it is difficult to convince a potential investor to spend additional resources developing a harsh region which has little infrastructure to offer. Of course, the forced relocation of the Indonesians does not sit well with potential donors, either. The net result is that the transmigration policy serves to discourage potential foreign assistance.

President Suharto readily accepts that Indonesia depends on foreign loans and outright grants to boost the national economy. His country's preference though is to enhance national development through improving the country's trade position in the world market. As with the acceptance of aid, the government details preconditions to the approval of foreign capital investment in Indonesia. The goal of all foreign investment is to meet needs of the population which cannot be met through current domestic production. This protects Indonesia's developing industries from foreign competition.

Foreign investment must also be made in those sectors of the economy which further Indonesia's export businesses. A clear example of this policy in action is the law forbidding the export of raw timber from Indonesia's tropical forests. Foreign companies who wish to use Indonesian lumber must

establish factories on Indonesian soil and use the lumber for export goods, mainly furniture.

While switching Indonesia from raw materials to value-added exports, this program and similar ones accomplish another investment goal: creation of jobs for Indonesians. Given the large population of Indonesia, it is feared that economic development in some sectors of the economy, or concentration of that development in certain provinces, will prove destabilizing to the country. The establishment of factories rather than mines and mills creates additional employment opportunities for the nation's city-dwellers. Already mentioned was the ability of Indonesia to encourage investors to set up factories in the less-populated regions of the country. This combined with the transmigration policy have lessened urban tensions in Java and other potential hotbeds of civil strife.

Indonesia seeks foreign investment in industries which will allow technical transfer in the shortest amount of time. To that end, Indonesia favors coproduction contracts over commission arrangements in industries from aircraft manufacture to mineral extraction.

The Indonesian economy is looked at to follow in the footsteps of Asia' Four Dragons (Singapore, Honk Kong, South Korea, and Taiwan). It is not yet ready to assume that stature. Beside the problems of infrastructure already noted, there is the problem of access to the country's financial

bases and markets. This access is largely controlled by the president's own family and is a growing bone of contention in Indonesian society. Between Suharto's four children, cousin, and nephew, a virtual lock exists on the raw materials essential to any industrial production. For example, the auto industry is hampered by the PT Giwang Selogam holding company's virtual monopoly on sheet steel. The holding company is under the executive direction of Sudwikatmono, cousin to Suharto.[35] The president's own wife is nicknamed "Madame Ten Percent" because of her usual cut in business deals.

The extensive holdings of the Suharto family were divulged to the west in a front-page series of the Sydney Herald in 1986. This resulted in the expulsion of the Australian press corps from Indonesia. As the constitution states, "Freedom of ... verbal and written expression and the like, shall be prescribed by law."[36]

Despite, or perhaps because of, the growing criticism of corruption among the president's family, improvements have been made to facilitate and increase the Indonesian trade and investment environment. In 1985 Indonesia contracted with the Societe Generale de Surveillance, a Swiss firm, to take over the role of the former customs service. This eliminates the

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[35]Schlossstein, 91.

[36]*1945 Constitution of Indonesia*, art. 28.

hassles foreigners encountered when clearing their goods through customs.

Other major steps include the deregulation of the banking industry, reduction of tariff rates, and the removal of non-tariff barriers. In addition, the government has taken steps to privatize some two-hundred state-owned businesses. The results of these improvements can be seen in the 21 percent increase in Indonesian exports between 1988-89.

While concerns over government favoritism (due largely to the questionable financial practices of the president's family) still exist, Indonesia is making the needed improvements to its investment environment. Boasting upwards of a seven-percent growth rate for its economy over much of the 1980's through today, Indonesia has attracted foreign investment nearing $5 billion since 1989.[37] This economic growth translates into money for social programs, such as the transmigration program, Suharto's laudatory family planning program, and the linking of the outer islands with Java through communications and media operations. Through Suharto's Repelitas, or five-year economic plans, Indonesia has achieved many of its goals toward national development through a better standard of living for Indonesian citizens.

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[37]Pete Engardio and Sally Gelston, "Indonesia: the Hottest Hot Spot in Asia," *Business Week* (27 August 1990), 44.

C. THE ROLE OF MULTINATIONAL ORGANIZATIONS

Many of Indonesia's domestic and foreign policy goals call for some degree of cooperation with other countries. Feeling secure on their Indian Ocean coasts will largely be determined by the extent of the Indian Navy's build-up. With large demands on Jakarta to improve the Indonesian standard of living, dependency on foreign donors is still necessary. That sense of dependency combines with the Javanese favoring of group action over individual action. Add to that the very pragmatic view of Suharto that Indonesia acting alone wields less influence over world affairs than when it acts in concert with other nations. The result is the favoring of multinational organizations as a way for Indonesia to boost its own prominence and to achieve its foreign policy goals.

Indonesia has placed its faith in the United Nations since the country's inception as a republic. The successes achieved have been mixed with failures and condemnations from the world body. In the Indonesian struggle for independence, the Dutch were finally persuaded by the United Nations--urged on strongly by the United States--to return sovereignty to the Republic of Indonesia. During the course of that independence struggle Indonesian leaders were divided over what course to pursue. Many of the nation's leaders believed independence would only come after the

Dutch were militarily thrown out. Sukarno's view, which was to limit the military struggle and rely on the U.N. to accept its request for self-determination, prevailed and probably gained for Indonesia respect as a politically mature rational actor.

Eight years later, in 1957, Holland and Indonesia again saw the U.N. mediate a territorial concern: Irian Jaya. Stepping in as the situation was exploding, the U.N. pressured Holland into turning over Irian Jaya to an administrative body composed first of U.N. officials, and later to the Indonesian government. In 1963 Irian Jaya officially joined the Republic of indonesia.

The U.N. has not always guaranteed success for Indonesia. The condemnation over the annexation of East Timor was already explained. To this day the United Nations refuses to recognize that a legitimate act of self-determination ever took place in East Timor. The body continues to condemn the Indonesian use of force in the region. The Portugal-Indonesia dialogue on the Timor issue, however, continues to be carried out under the auspices of the U.N. Secretariat and not through bilateral talks. This demonstrates Indonesia's continued reliance on the U.N. as the only forum in which nations can address each other on equal terms; Indonesia also holds the view of the U.N. as the proper forum for discussing all matters of international importance.

There is little evidence to suggest that Indonesia's dependence on the United Nations will decline. There is some trepidation of the future of the Security Council, given the rapprochement demonstrated by the Permanent Members in the recent Gulf Crisis. According to Foreign Minister Ali Alatas:

> It was encouraging to see the strengthened multilateral approach in solving global problems and thereby enhancing the role and image of the U.N. However, there remained the need to expand further the geographical scope and depth of 'detente'if we want to make it a basis for the realization of a more stable world world peace and security. It is a fact that 'detente' emerged in the European continent alone; where as in Third World countries--in Asia, Africa and Latin America--tension and conflict continued to rage. We must be vigilant in seeing that the harmonious spirit of cooperation between the Permanent Members of the U.N. Security Council does not lead towards their regulating the way international problems are solved at the expense of the U.N. as well as the fundamental interests of medium- and small-sized countries.[38]

Although Indonesia relies on the United Nations, it does not see itself as one of the body's dominant members. Those roles, it believes, are reserved for countries of the North. Indonesia does see itself as a dominant figure in another body, the Non-Aligned Movement(NAM). Indonesia was a founding member of the group along with Egypt, India, and Yugoslavia. It was at the 1955 Bandung Conference for African-Asian Unity that the Five Principles (which later doubled in size) for mutual respect and

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[38]Ali Alatas, "Year-End Press Statement 1990," speech delivered at Gedung Caraloka, 3 January 1990.

non-interference were laid out. These principles were later adopted by the NAM as the basis for state-to-state relations.

Questions have arisen over the future of the NAM given the collapse of the Soviet Union. From Indonesia's standpoint, however, such questioning by the western powers only proves that they do not understand the mission of the group. (Indonesia uses the same answer for NAM members who question the group's future.) The NAM is fundamentally against any nation's desire to exercise undue influence over another nation or group of nations. This historically pitted the group against the East's communist camp as well as the West's colonial camp. Furthermore, although the mercantilistic style of colonialism vanished years ago, the "neo-colonial" domination of lesser developed countries and their use as puppets by the industrialized countries continues today, according to Indonesian leaders.

The world, goes the argument, has changed from a bipolar to a multipolar one. Given this new environment, it is more important than ever for Third World countries to belong to a group which carries no ideological baggage. Indonesia believes that the refuge provided by the NAM is still needed, as is the body's role as a mediator in conflicts between developed and undeveloped countries, between world powers and world players. The Movement and its Bandung Principles are alive and well, say the Indonesians. The low turnout of the 1992 NAM Conference (just over 50 percent) begs to differ.

Indonesia seeks another role for the NAM, and that is increased South-South dialogue and solidarity. Given the perception that much of the North-South aid also contributes to the subordination of the South in world affairs, Indonesia seeks to enhance the environment of developing nations helping each other, free from reliance on the North.

It is through this role that Indonesia seeks to become a world power. Of the 103 members of the NAM, few have the resources and political and economic atmospheres to be on the giving side of South-South relations. Indonesia is among them. Indonesia has the experience to provide assistance for nation-wide family planning programs, infrastructure development, and securing of financing and investment on terms favorable to the receiving country. Indonesia's achievement of rice self-sufficiency also provides a model for agricultural development and food distribution. Given the historical experience of Indonesia in dealing with the East and West, the country is ready to assume a leadership role in the NAM.

As if to demonstrate this more clearly, Indonesia took over the role of Chairman for the NAM in 1992 and will hold that position until 1995. As President Suharto assumed the title of Chairman, he placed improving South-South cooperation at the top of the Movement's agenda.

While the future of the Non-Aligned Movement is temporarily (at least) in question, Indonesia looks to another multinational body whose future is perhaps brighter now than at any time in its

history. The Association of Southeast Asian Nations(ASEAN) is composed of six regular members: Brunei, Indonesia, Malaysia, the Philippines, Singapore, and Thailand. Papua New Guinea is an observer nation. Though not a military alliance, ASEAN seeks to guard the security of the Southeast Asian region through fostering "regional resilience." Resilience is to be achieved through solidarity on the economic and political issues facing the region. Indonesia seeks the leadership role in achieving this solidarity.

On the political front, ASEAN has played a large part in seeking to resolve the current Cambodian crisis, the region's largest looming security concern. Led by Indonesia, ASEAN teamed up with France to establish a dialogue including all four factions of the Cambodian government. These efforts ultimately culminated in the establishment of the United Nations Transitional Authority in Cambodia, which is charged with restoring some degree of peace in the country, and more importantly, holding elections for the country's leadership.

The Cambodian crisis and China's subsequent invasion of Vietnam produced another crisis: the Indochinese refugee problem. After nearly a decade of war, refugees from Cambodia and Vietnam sought asylum throughout ASEAN countries. Over 2,000,000 Indochinese refugees escaped to the nations of ASEAN, with 100,000 of that number reaching Indonesia. In an international agreement prompted by ASEAN, its members agreed to be homes of first asylum. This means that the ASEAN countries will receive

the Indochinese refugees and process their claims as political refugees. After those claims are processed, however, the refugees must seek permanent asylum elsewhere, or they can petition to be repatriated in their home of origin.

ASEAN has held dialogues on issues of political development among its members. Main issues have included the role of the military in politics, strength of the legislative branch relative to the executive, and peaceful processes of succession. No concrete agreements arise from these dialogues; they are not meant to standardize the governmental practices of ASEAN members. They are meant to highlight the importance each member feels toward peaceful settlement of internal political conflicts. Moreover, political stability of all members is accepted as the first step toward regional resilience.

Some outspoken members of ASEAN countries, such as Malaysia's Mahatir and Indonesia's Suharto, worry that ASEAN may be suffering from inactivity. While political dialogue is beneficial, firm results are needed as evidence of ASEAN's future worth. Statements of this sentiment usually lead toward the discussion of the economic cooperation of ASEAN nations.

To begin with, the members of ASEAN are working more closely toward the improvement of intraregional trade. In that vein they have reduced tariffs on members' imports to lower levels than non-members'. The group has also worked to promote industrial development through cooperative arrangements. In 1991 Singapore

agreed to purchase 60 million gallons of water from Indonesia;[39] more convincing is the development of industries on Indonesia's Riau Islands, undertaken and staffed largely through Singaporean efforts.

The future of ASEAN's economic cooperation hinges on whether or not to form a regional trading bloc, and if so, who will be allowed to join. Two proposals are the most likely to be implemented, if any are. The first is an East Asian Economic Caucus(EAEC), proposed by Malaysian Prime Minister Mahatir. Its membership consists solely of Asians, which places it in direct competition with both the European Community and the North American Free Trade Agreement(NAFTA).

A counter proposal is the Asia Pacific Economic Cooperation agreement(APEC). This group is favored by Indonesia for two reasons. First, it includes Canada and the United States, important trading partners and donor nations for Indonesia. Second, it is less confrontational in its measures than the EAEC and so has appeal to Suharto. It is believed that APEC enjoys more support within ASEAN than does the EAEC.

Going back to Indonesia's reliance on multinational bodies, the question begs, "is Indonesia a regional or world leader?" The answer is a qualified yes to the former, but the jury is still out on the latter. The United Nations is against Indonesia's human rights and transmigration policies. The issues

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[39]*1992 Asia Yearbook*, 123.

are simultaneously brought up and frustrated by European powers. It therefore seems that while the United Nations will remain the preferred forum in which to address North-South issues and to pursue solutions to trans-border problems, Indonesia does not enjoy a leadership position in the United Nations, if one judges success by influence over policy decisions.

Indonesia is currently the titular leader of the Non-Aligned Movement, but it must also be considered one of the de facto leaders as well. With control over the NAM's agenda for the next three years, Indonesia can steer the group away from notions of Cold War relationships and concentrate instead on economic development. If Suharto and Alatas can keep the group functioning throughout their three-year chairmanship, Indonesia will no doubt emerge as the movement's leader; it will have the resources, knowledge, and experience which is sought by the NAM's lesser developed members.

The success of ASEAN is questionable in its own right. Twice now it has not been able to ensure peace in its region, especially in Indochina. As for one of its primary tenets, the Zone of Peace, Freedom, and Cooperation (ZOPFAN), it has largely been ignored by the major powers since its inception in 1971. The permanent superpower bases at Cam Ranh Bay, Subic Naval Base, and the others kept large, powerful militaries of nonregional residents inside the limits of the ZOPFAN. Even with the removal of these permanent bases, ZOPFAN does not seem nearer to realization. Australia has joint basing agreements with the

United States, and Singapore, Indonesia, and others are seeking temporary or limited agreements. Add to this the growing navies of both China and India, and checking the map to see where the two might collide, it is evident that the Southeast Asian region is still a place where foreign militaries conduct business.

The future of ASEAN lies in its ability to increase economic development. It is likely that the ratification of the NAFTA by the signatories will provoke some retaliatory measures by ASEAN. If Malaysia's Mahatir Mochtar prevails, the result will be a more tightly knit, exclusionary group made up solely of Asians. If Indonesia's Suharto prevails, the extended membership of APEC will be the result. Given the dependence on the United States as a market for ASEAN members (as a whole, ASEAN constitutes the fifth-leading exporter of goods to the U.S., while the U.S. market absorbs more ASEAN imports than any other), an APEC-styled bloc will present a compromise between the heavy rhetoric and economic pragmatism.

As for Indonesia's particular role in ASEAN, much depends on the future generation of leaders. A Suharto proves the match of a Lee or a Mahatir; a Habibe, Murdani, or Sutrisno may not. Before any member can be considered as a leader, the group must demonstrate a greater degree of cohesiveness; otherwise the point is moot. Such cohesiveness could be brought about with the emergence in the region of another superpower--of the economic, not military strain. Likely candidates are China and Japan. If either increases its political influence in the region to match

its economic influence, ASEAN members could for perhaps the first time agree on an external security threat. That would certainly improve political cohesiveness and might even prompt talk of military cooperation, something currently ignored by the Association.

D. THE UNITED STATES IN INDONESIA'S INTERESTS

It is useful to summarize the main points of Indonesia's foreign policy, stemming as they do from a carefully delineated domestic policy, by examining where the United States fits in. In short, the United States is running at half-speed, and often in the wrong direction.

As for preserving Indonesia's national borders intact, Indonesia need not fear from a U.S. invasion of its territory. In fact, military cooperation and training have increased between the two countries. Indonesia signed a deal in 1989 to purchase eighteen F-16 fighters to upgrade its air force, in exchange for a multitude of offsets. Small-scale exercises have been conducted with Indonesia for years and are likely to continue.

The goal of national development, by which is meant fostering unity among the nation's diverse population (diverse ethnically, religiously, and culturally), is sometimes hindered by the U.S. Throughout its diplomatic history with Indonesia, the United States has periodically attempted to link development aid with

government policy. In the early 1960's the U.S. even withdrew all but basic humanitarian aid (such as the anti-malaria program) in response to the "Crush Malaysia" campaign of Sukarno. These actions did not deter Sukarno from landing troops on Malaysian territory, nor did they soften his rhetoric.

What did result was a tough anti-America campaign in which the libraries of the U.S. Information Agency were burned and looted. Relations with Indonesia remained strained until Sukarno was forced to step down. Even then, Suharto's decision to end the Malaysian conflict was not a response to U.S. requests as it was a realization that his country could ill afford such a questionable venture.

Attempts since then to link U.S. aid with Indonesia's human rights policies have kept U.S.-Indonesian relations tepid at best. Indonesia reacts to such attempts at linkage with anger and accusations of neo-colonialism by America, as it did in the November 1991 Dili incident by accusing the two American journalists of violating the conditions of their visas. The question for the U.S. then becomes, how to get Indonesia to alter its policies without stepping on its very sensitive feelings.

There are basically two approaches to the problem. First, the U.S. can use its aid and development capital as a carrot to dangle in front of Indonesia. If Indonesia softens its treatment of political dissidents, the development goes forward. If not, the money is withdrawn. The second approach is to spend the money no matter what Indonesia's policies are; that way, at

least, the U.S. can maintain a dialogue with Indonesia in which to address the issues. A similar puzzle exists in the treatment of China's human rights policies.

The United States will enjoy more success, and perhaps more influence, if it sticks with the second policy option. Indonesia still feels that there are a number of countries willing to invest there no matter what the internal policies are. Japan, Taiwan, South Korea, and Singapore have already proven they can overlook incidents such as the November affair at Dili. Taking the hardline approach would only serve to 1)garner a reaction similar to the one taken toward the Dutch last year, and 2) prevent U.S. companies from entering a competitive and potentially lucrative market. At least the U.S. maintains communications with the leaders of Indonesia by taking the softer approach. Perhaps behind-the-scenes diplomacy will enable the U.S. to influence Indonesia. It is clear that a withdrawal of U.S. financial support would only serve to weaken relations, with the result that Indonesia would turn a deaf ear to American statements.

In the areas of foreign aid and trade, U.S. policy seems confused. First, America's role in the Consultative Group on Indonesia is decreasing relative to that of Japan. Whereas the United States used to be the number one contributor of funds through the IGGI, Japan currently pledges more than half of CGI's total. This money is not only good for Indonesia, it is good for Japan. Japanese investment is everywhere throughout Jakarta.

This translates into jobs for Japanese: in construction, machinery, and industrial management. Short-term capital loss is sacrificed to the goal of market share. The U.S. does not have this presence; even some American companies who do find Indonesia, such as Nike, Inc. of Oregon, contract to third parties (South Korea in Nike's case) for the running of their plants.

What American investment does exist seems to be in the areas of the economy that Indonesia is de-emphasizing. Steven Schlossstein quotes an American businessman familiar with U.S. investment patterns in Indonesia. "Ninety percent of U.S. investment in Indonesia is underground, and if it's not in oil or gas, it's in mining, in tin or copper."[40] While Indonesia still receives a large portion of its revenue from these areas, it is trying to diversify its revenue sources to the manufacturing sectors--and is succeeding largely due to Japanese investment. The money brought in from energy sources declined as a percentage of total revenue, from 80 percent in 1981 to 36 percent in 1988. While mining may bring in money, industry brings technology. Technology has a more permanent nature than do the oil fields of Sumatra. The United States is leaving itself behind.

In the final analysis, America just does not understand all the details about Indonesia. While the United States wishes to see Indonesia offer better treatment of dissidents, Indonesia

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[40]Schlossstein, 119.

wishes to silence them before their separatist movements gain momentum and pull the country apart from four directions--with results which would bear striking resemblance to Yugoslavia. While the U.S. seeks to promote representative democracy worldwide, it ignores the original reasons for its own electoral college and assumes a degree of political maturity among the Indonesian masses that does not yet exist. American models of majority rule conflict with Javanese tradition of consensus building.

III. UNITED STATES NATIONAL INTERESTS AND INDONESIA

The United States, as does Indonesia, determines its foreign policy based on its own national interests. While Indonesia's primary goal is national development, the ultimate goal for the United States is the preservation of the status which it has already achieved in the world. In both cases, policies are devised to protect and promote its own perceptions of its national interests. These interests may be subdivided into security, political, and economic classifications.

A. SECURITY NATIONAL INTERESTS

Of course the principal national interests of the United States concern the preservation of the country and its institutions intact. Since the decline and eventual fall of the Soviet Union, many people in and out of government have tended to relegate security concerns to the back burner, claiming that the survival of the American nation-state and its institutions now are determined by economic issues. While it is true that the U.S. no longer faces nearly the same risk of nuclear devastation it did during the Cold War, the end of that war has produced many and more complicated challenges to the security of the United States. That stated, U.S. national security interests in the

Pacific remain fundamentally the same as during the Cold War: preserve the current balance of power in the world, in which no country can directly challenge the United States, and prevent regional upsets to peace by countries or leaders seeking local hegemony. The U.S. must, however, come up with post-Cold War methods to satisfy these interests.

The first national security aim is to preserve the current balance in the world. That balance has the United States as the sole superpower, with a few major powers most of which are friendly toward the U.S. During the Cold War that power balance was achieved through alliances with Japan, South Korea, the Republic of China, Australia, New Zealand and Philippines.

The passage of the Cold War did not remove all threats to the Pacific, and so to preserve the regional balance of power the United States should reassure both Japan and South Korea of continued American involvement in Northeast Asia.

The major change to the U.S-Japan relationship--long touted as the linchpin for U.S. policy in the Pacific--is the maturing of that key relationship. Given the economic troubles on the domestic scene, U.S. lawmakers have pushed Japan for a more equal burden-sharing. Up to now that has translated into more money paid by Japan for continued U.S. protection. Japan currently pays for all the costs of the naval yard at Yokosuka except American salaries, for example. A new, more mature relationship would call for Japan to take on some of the military responsibilities commensurate with its fiscal investment.

A partnership among equals could have units of the Japanese Self-Defense Forces perform rear echelon support roles currently carried out by American forces. These include performing command, control, and communications roles; a sharing of the intelligence gathering and analysis functions; and using Japanese-trained logistics personnel to perform repairs as well as to move supplies. Special operations, such as counterterrorist and counterespionage, can be placed under the direction of joint task forces, composed of American and Japanese forces. What would truly signal the maturity of the new relationship would be Japanese command over American troops on some of these units.

There have been many Japan critics who have called for the Japanese to spend more money on their defense forces, increasing the share of GNP dedicated to defense spending beyond the one-or two-percentage point. This may or may not be necessary; any additional expenditures should be determined by the military material requirements commensurate with new defense roles. It is irresponsible to ask the Japanese to spend more on their defense just for the sake of spending more, and it is highly unlikely that the Japanese Diet would approve such action. Also, an unsubstantiated increase in Japanese defense spending might very well send unpopular signals to already-anxious Asian governments.

United States military experts have already considered expanding the zone of responsibility currently patrolled by Japan's Maritime Self Defense Force, past its current periphery

of 1000 miles. This should be approached cautiously. Such an expanded presence of a Japanese navy into waters further south brings quickly to mind the legacy of the Imperial Navy to many Southeast Asian leaders.

While few believe that military domination is still on the agenda of Japan, trepidation still exists. Southeast Asian officials believe that for Japan to take on such expanded patrol duties would require that they review their entire foreign policy. Such a review could lead to greater Japanese "meddling" in their geographic areas, at a period of history in which they feel the region is coming in to its own.

To alleviate some of these fears, the new Japan-U.S. security agreement should make use of joint surface task forces. This would reduce some of the costs and burdens of deploying U.S. ships so far from American shores; it would also offer the appearance of a Japan voluntarily checking its military power. This might be more palpable to the Southeast Asian nations as well, who (for the most part) do not wish to see a complete American withdrawal or a freely patrolling Japanese Navy.

The hottest hot spot in Northeast Asia is the Korean Peninsula. Despite the recent move toward serious unification talks, North Korea refuses to remove all doubt about nuclear weapons on its territory. Added to this is the penchant of North Korea to supply sophisticated missile technology and hardware to the equally volatile Middle East. Unless and until North Korea chooses to abide by international calls for compliance with

nonproliferation agreements, the United States should keep its troops on South Korean soil as a clear sign that any expansionist ideas from the North will be repelled.

The calls for burden sharing should not be applied to South Korea to the same degree they are with Japan. It is in the U.S. interest to forward station the troops necessary to repel any attack. Given the uncertainty of the North Korean foreign policy, maintaining troops on the peninsula remains cheaper than trying to redeploy such troops in case of invasion. Furthermore, having such powerful troops mere miles from North Korean territory serves as a reminder to Pyongyang of potential punishments for rash behavior. These American forces preserve a flexibility of response options Washington can consider when faced with North Korean irrationality.

Many defense analysts believe that a North Korean attack would be a desperation act rather than something currently on their planning boards, lest unification in any form be postponed indefinitely. That realized, the United States--both for external appearances as well as for smoother South Korean consumption--should continue to carry out joint U.S.-R.O.K. exercises, emphasizing the defensive purpose of the alliance.

The reader quickly notices a marked difference in the attitude of the security relationships between Japan and Korea. That is intentional. In the case of Japan, the principal threat--the Soviet Union--no longer exists. As for potential threats from Russia or China, Japan's economic and technical might combined

with its sought-after involvement in restoring the economies of those two nations make Japan quite capable of defending itself; its long policy of collective security has placed it in this advantageous position. Both Japan and the United States can afford to let their security roles evolve.

This is not the case on the Korean Peninsula. The Cold War division is still present, even though the economic and technical bases in North and South Korea are at vastly different levels. The North Korean military still trains with the Seoul government as its potential adversary; the Pyongyang government still boasts of nuclear capability. Until there is a firmer relationship between North and South Korea, the Cold War will continue. Therefore while the armed forces of the Republic of Korea might be up to any challenge presented by an advancing North, the United States' continued presence serves as a reminder for North Korea to act rationally in its foreign policy.

To preserve the present balance of power in the Pacific it is not sufficient to look only at Northeast Asia. America must pay attention to the development and national maturity occurring throughout Southeast Asia, from close allies such as Australia to the more unpredictable governments of Malaysia and Indonesia. Here too, the end of the Cold War forces the United States to rethink its security strategy for the region, but the key is to demonstrate American interest in the events of Southeast Asia.

Prior to 1992, U.S. interest was shown through the bases in the Philippines, mainly Clark Air Base and Subic Naval Base.

Situated 1500 miles from Guam and 4800 miles from Hawaii, those Philippine bases served as an airlift link between the U.S. and the Indian Ocean (and therefore the Middle East and Africa) and a support structure for U.S. operations anywhere in the Pacific. Perhaps most importantly in the 1970's and 1980's, those bases served to check the Soviet Union's movement in Southeast Asia obtained through its own bases in Vietnam.

Now that the former Soviet Union has withdrawn from Vietnam, and natural and national events have caused the U.S. to withdraw from the Philippines, American strategic planners must examine what real purposes were served by Clark, Subic, and the other bases. According to Gregory P. Corning, the Philippine bases served five major functions: logistics support, enabling America to fight so far from its shores; repair and maintenance facilities; training; command, control, communications, and intelligence support; and personnel services.[41]

While each of those functions is vital to a competent fighting force, each can be accomplished elsewhere. The key is adaptability on the part of the United States to different types of military arrangements. The logistics support mentioned above includes mainly the storage of warfighting materials and the prepositioning of ammunition, weapons, and the like. While such a function reduces the reaction time of U.S. contingency operations, the Philippines is not the only country which can

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[41]Gregory P. Corning, "The Philippine Bases and U.S. Pacific Strategy," *Pacific Affairs* 63 (Spring 1990), 11.

offer this function. Bilateral storage agreements could be negotiated with other friendly countries in the region, such as Thailand and Singapore. Indeed, the required protection for these storage facilities can be provided by the home government, making the entire agreement barely visible; that would satisfy other governments who worry about American interventionism.

Aside from the prepositioning rights, the most important function of Subic Naval Base was the repair facilities it offered. Already, the U.S. has demonstrated how to make up for the loss of Subic. An agreement has been negotiated with Singapore offering the U.S. Navy use of Singapore's limited shipyards. This use is on a non-discriminatory nature, i.e., other navies have similar agreements.

This fits right in to America's new security strategy. That strategy requires a presence, enough to demonstrate America's continued interest in the Pacific. That strategy does not require American presence to the exclusion of all others. With that in mind, the United States should push for similar agreements with Indonesia. Development of port facilities in Eastern Indonesia would bring repairs closer than they were with Subic. Also, with major U.S. facilities at both Guam and Japan, the U.S. need not match the capabilities provided by Subic, if it is not technically feasible. The U.S. need only guaranteed access for minor repairs and emergency berthing.

As far as the training and personnel functions formerly performed in the Philippines, these can be accomplished elsewhere

with little heartburn. The U.S. Air Force transferred the entire Thirteenth Air Force Headquarters to Guam, with little disruption to the Pacific Air Forces. Both training and administrative duties can be performed at Guam, Hawaii, or in Alaska without leaving the Pacific. This is especially true given the automation of most administrative duties. As for the benefits from area-specific training, those can be achieved through bilateral or multilateral exercises, which will be discussed below.

That leaves the command, control, communications, and intelligence (C3I) functions. As noted above with the Thirteenth Air Force, command and control can be exercised from wherever the U.S. forces relocate to. The communications and intelligence facilities existing in the Philippines could still be leased by the United States, providing the Philippines offers that use for a reasonable cost. Otherwise, both functions can be relocated to a number of sites throughout the region. Singapore, Thailand, and Australia come quickly to mind, and the trade-off might be transfer of certain technologies (which could prove beneficial to U.S. communications firms). The United States already shares intelligence facilities with Australia; these facilities could be upgraded if needed to recover the same information gathered in the Philippine.

For what the Philippine bases provided, the United States is better off without them. Officially ending its colonial legacy, the United States is in a better negotiating position with other

Southeast Asian nations. The Soviets are gone; the Chinese and Japanese are not. Neither one Southeast Asian nation's military nor a combination of many could long defend against an incursion from either of those Northeast Asian powers. Maintaining the United States in Southeast Asia is more of a mutual interest, despite the talk of neutral zones. Future military agreements can be smaller scale and thus less obtrusive while still meeting the security needs of all parties involved.

The Persian Gulf War demonstrated that preserving current balances of power is easier said than done. While the U.S. struggles to achieve that goal, however, it will be pursuing another major national security interest: preventing regional upsets to peace by stopping the emergence of regional hegemons. The actions necessary and available to accomplish this goal short of military activity are provided by Michael Vlahos and include: adroit diplomacy, prompt military sales, and the use of available surrogates.[42] Each option needs explanation.

Adroit diplomacy is a useful way to deter nations from seeking to expand their relative strength. Military threats from the United States only enhance a confrontation, economic threats--of boycotts, removal of special tariff consideration, or

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[42]Michael Vlahos, "The Third World in U.S. Naval Planning," *Orbis* (Spring 1986), 16. Vlahos simply provides a list of policy choices short of military confrontation; explanation of the items in that list are the work of this author. Also, Vlahos includes covert operations as an option. This author chooses to exclude covert operations as a policy choice, because of their high risk-to-benefit ratio.

postponement of development programs--carry more weight. The pressure can be multiplied by convincing other economic powers to join in any action. Other diplomatic methods include use of the United Nations to resolve disputes short of military action. The most successful type of diplomacy--and the most adroit--is that which presents to the opposition a collective adversary. When faced with the prospect of regional exclusion--given the interlocking nature of Pacific economies--any opponent should retreat.

Military sales immediately upgrade the capabilities of the buyer. Therefore such sales should be made quickly when a buyer is faced with a potential aggressor. This may head off a military confrontation. Opponents will argue that military sales increase the volatility of a situation. Examine the recent sale of F-16's to both Taiwan and Singapore. Given the defensive and offensive capabilities of the F-16, any nation thinking of involvement with either country has a serious, immediate deterrent. Mainland China certainly cannot ignore the consequences of provoking Taiwan once that nation takes delivery of all 150 fighters. Singapore's agreement, which also involves training in the United States, gives it a modern air force with a very capable craft. That must be factored into any aggressor's planning.

Prompt sales do not mean irresponsible sales. In no way should United States policy be to quicken arms proliferation. Rather, U.S. policy should be reactionary, responding with

capabilities commensurate with foreseeable threats. Here again, Taiwan is a good example of proper U.S. policy. The People's Republic of China claims that the F-16 sale violates the Reagan agreement not to increase Taiwan's military capabilities and thus start an arms race. The U.S. rightly noted, however, that the mainland already possessed fourth generation Soviet fighters (MiG-29's); by selling the F-16's to Taiwan, the U.S. was merely allowing its ally to "catch up." The U.S. should consider the existing regional balances of power before proceeding with arms sales.

The last method available short of military action is the use of regional surrogates to achieve U.S. goals. This is vital if the U.S. is to avoid charges of meddling, which quickly deteriorate its negotiating position. The prevention of regional hegemons is certainly to the benefit of more than the United States; therefore, the United States should let other regional actors or international organizations address the shared concerns. That way the U.S. can be seen as supporting regional interests, rather than dominating them. This increases the likelihood of support for U.S. involvement in the region.

Now that the available methods have been addressed, it is time to look at the potential threats to regional peace and stability, with the goal of applying the methods to the situations. The first threat comes from an economically empowered China seeking to expand its presence southward. China's economy under the leadership of the moderates has obviously expanded. Some of that

money has gone to update the weapons of its arsenal. This includes the aforementioned Soviet fighters, but it also includes the purchase of a Ukranian aircraft carrier.[43] A carrier and associated aircraft give the Chinese power projection capabilities they do not currently enjoy. This is a source of consternation for many Asian powers.

The most likely use of a Chinese carrier is for defense of the Spratly and Paracel Island chains, both in the South China Sea. China claims sovereignty over both chains, but five other nations dispute China's exclusive rights to these mineral-rich (expected) islands and their surrounding waters. The most serious counterclaim is made by the Vietnamese, and in 1988 the two navies exchanged gunfire in the region. In explaining the security of a recent joint drilling and development agreement signed by Denver-based Crestone Energy Corporation, Crestone's president stated that "China has promised the full support of its navy to protect Crestone's investment."[44] The joint Chinese-Crestone project area is directly east of Spratly Island.

To keep China in check, the U.S. sent a clear signal with the F-16 sale to Taiwan. The resolution of the Spratly dispute is perhaps better left to regional surrogates Taiwan and the

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[43]The Chinese purchase of the Ukranian aircraft carrier has yet to be finalized. It is believed, however, that the Chinese government has the upper hand in the negotiations, given the ukranian government's need for foreign currency. It is likely that the Chinese are now haggling over price.

[44]Interview with Randall C. Thompson, President of Crestone Energy Corporation, by author, 21 October 1992.

Philippines, while negotiations for peaceful resolution of the dispute are being headed by Indonesia, a regional actor which does not have claims to either island chain. The best diplomatic path for the U.S. is to support fully Indonesia's negotiations.

The threats to the Pacific countries come not only from the north. India has been expanding its military with an idea on patrolling the entire Indian Ocean. Indian officials have already expressed their desire to be able to secure the Andaman and Nicobar Islands from external threat. With recent purchase and production of amphibious ships, intermediate range missiles, and submarines, the country is close to its goal. That rightly sends a shiver down the backs of Singapore, Malaysia, and Indonesia. By controlling those island chains, India can position itself to control (or deny) access to the Sunda and Malacca Straits, which could cripple Southeast Asian economies dependent on exports.

The United States cannot and certainly would not allow any nation to block access to such strategically vital straits. Military action would definitely be the American reaction to such Indian aggression. But the U.S. can take other steps to prevent any showdown. First, joint U.S.-Indian exercises would enable the U.S. to determine Indian capabilities firsthand. Next, should the Indian submarine fleet gain the adequate proficiency, the U.S. should think about selling anti-submarine P-3 Orion aircraft to Singapore, Malaysia, or Indonesia. This is a good example of where prompt military sales can head off a growing

hegemon. The P-3 gives a force the ability to track and destroy enemy submarines. Given the large financial investment of a submarine, such sales would increase India's costs in a cost-to-benefit analysis.

Iraq's actions in 1990/1991 demonstrated that the next threat one must plan for is the threat of the unexpected. Both Iran and Vietnam are capable of carrying out an unexpected attack in their regions. A successful Pan-Islam movement could isolate Singapore or Australia.

It is possible, however contradictory it sounds, to counter the unexpected. This is most effectively done through the development of relationships with a variety of countries. These relationships need not be America's friendliest; they need only be strong enough to provide the U.S. with the building blocks of a regional coalition in case of crisis. Relationships as simple as occasional conferences on regional issues are enough to demonstrate U.S. interest while committing nothing. That way when a crisis arises, the United States will have a foot in the door.

Only two, albeit inclusive, U.S. national interests in the Pacific have been presented within the security realm: preservation of the current global balance of power, and prevention of regional upsets to that balance. The next question to be addressed is how these interests will be protected by the national military strategy presented by President George Bush in his 1991/1992 National Security Strategy. That national military

strategy is basic and encompassing enough that future administrations should leave it fundamentally intact. Of special interest here is how to establish where U.S. strategies for the Pacific fit in to the overall U.S. strategy. President Bush's four pillars are: strategic deterrence and defense, reconstitution, forward presence, and crisis response.[45]

In a very real sense, strategic deterrence can be fulfilled by ensuring regional deterrence. Regional deterrence in the Pacific can be demonstrated by maintaining the defensive capabilities of various Pacific actors. The Taiwanese have a very real defensive capability against an amphibious attack, given the air-to-ground performance of the F-16. Because of its fighter purchase, Singapore has a platform for air-to-ship missiles. The radar configuration on Australia coupled with that nation's desire to find a suitable airborne early warning platform (most likely the Boeing E-3 Sentry) remove most hope for a surprise attack in that region of the world. All of these forces have the United States somewhere in the background.

Other efforts which would boost regional deterrence are joint exercises. These do not have to be on a large scale, and they can be either bilateral or multilateral, for instance a U.S. exercise with ASEAN navies. Even a small-scale exercise allows the U.S. to size up its opponents, while demonstrating that the U.S. has potential allies in the Pacific. Also, what's small

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[45]George Bush, *National Security Strategy of the United States*, The White House, August 1991.

scale to the U.S. Navy may go a long way toward increasing the credibility of a regional navy. Shared intelligence can serve the same role. This particularly would benefit the U.S., whose intelligence community can fill in gaps due to sensor limitations.

Reconstitution calls for the ability of America to convert its industrial sector to a wartime posture. This task is not as easy as it was in 1941, when it was still a monumentous effort. Today, a lot of systems and parts critical to a successful U.S. warfighting effort are produced offshore, either by U.S.-based internationals, or by foreign-owned companies. Successful reconstitution now calls for guarantees that the sea lanes will remain open to allow transport of the needed goods, and that the producers will supply American needs. Those guarantees can best be obtained through the cultivation of friendly relations with the nations of the region.

Many printed circuit boards are made in Japan, South Korea, and Singapore. Longstanding close ties exist with each of those nations. The Malacca and Sunda Straits are essential to the transport of material to the United States, so they must remain open. Of course, those straits are also vital to Malaysia and Indonesia, so a basis exists for civil dealings with those two nations as well.

Maintaining a U.S. forward presence has been discussed throughout this section as a premier way for the United States to prove its continued engagement in the Pacific. Joint exercises,

numerous and variously-scaled basing agreements, and shared communications and intelligence nets make it clear that the U.S. is actively involved in the Pacific region.

The ability to respond to a crisis is the last pillar of the national military strategy, and it is the linchpin of U.S. security in any region. Given the speed of modern combat and the number of directions from which a crisis could develop, the United States must maintain its flexibility. The pre-positioning of troops in Japan and Korea gives the U.S. access to forces already in Asia. A vast storage network encompassing many countries decreases the strains of mobilizing from the homeland and decreases the likelihood of having access to stores denied. Area training and familiarity once provided by Clark and Subic can be replaced by exercises in the region, and deficiencies in familiarity with the adversary (or potential adversary) can be overcome through intelligence sharing.

Overall, the post-Cold War security national interests of the United States can be achieved with some post-Cold War thinking. New agreements must reflect the growing stature of regional actors such as Indonesia as well as the strategic might of economic powers like Japan. The end of the Cold War has presented a new strategic picture in the Pacific, with only the Korean Peninsula offering any familiarity. The U.S. cannot afford to withdraw from the Pacific and leave the region up to regional actors--its free market economy (if nothing else) calls for increased presence. Yet that presence can be maintained

through a variety of ways, if United States policy makers exercise flexibility and freshness. Through new relationships the U.S. can preserve the current strategic picture and prevent regional upsets to that picture.

B. POLITICAL NATIONAL INTERESTS

Itself one of the oldest continuous democracies, the United States seeks to expand the spread of democratic government throughout the world. Part of the motivation behind such a goal is the enlightened nature with which Americans generally regard the concepts of democracy. Indeed the very epoch which produced the modern democratic theories is referred to as the Enlightenment. There is a very real sense among American leaders that democracy is the highest form of government currently in practice. America has fought wars to "make the world safe for democracy;" it still advocates a new world order based on self-rule.

Coming back from the esoteric world of political theory, however, the United States has very tangible reasons for promoting democratic government in other nations. First, a democratically minded world would tend to preserve the United States' position of leadership (or at least a member of an oligarchy). This is because despite the faults, America still looks upon itself as a model for democracy and free enterprise.

The United States has been governed by its citizens from its very birth, and the strength of its institutions has propelled the country to superpower and now unipower status. Such a success story--albeit disputed by opponents, many of whom America has outlasted--is still accepted as an example for nations which seek advancement. As these nations choose democracy, they will be welcomed into the "club," that family of powerful, representative governments--with the United States at the front. Promoting democracy advances America's own stature in the world.

Clearly, if the number of democratically-controlled nations increases, the number of potential military adversaries of the U.S. decreases. Certainly there is a great deal of evidence to back the adage that democracies do not wage war on other democracies. As the United States has practiced from the Spanish-American War through the Persian Gulf conflict of 1990/91, the first step to prosecuting a successful conflict in a democracy is to mobilize the sentiment of the populace before mobilizing the troops. There is less likelihood of resorting to war if a preliminary requirement is the mobilization of public opinion. The desire to preserve the democratic "family" intact has forced democratic nations to address their grievances through other, less-bellicose methods.

The respect for democratic institutions tends to limit the unpredictability of a nation's foreign policy actions. Leaders of one-party systems or dictatorships are free to rule by whim, usually protected against public backlash by an internal security

force. Democratic leaders, on the contrary, have no such protection from their citizenry and in fact depend on that citizenry for their legitimacy. Therefore, democratic nations are more likely to honor their obligations from international treaties and negotiations. The transparency which accompanies democratic governance makes it difficult to cheat on such agreements for fear of discovery.

The best interests of the U.S. are served, then, when its negotiating partners are more open and more predictable. Even before New Zealand decided to place limits on the ANZUS treaty, the potential for difficulty could be seen by American analysts ten years prior to the policy decision, due to the open nature of the New Zealand debates.

The free market system of the United States demands unrestricted access to the inputs of its industries as well as access to markets for its outputs. Such access can better be guaranteed by democratic nations, whose open economies share the same dependence on open access, than by tyrants. This rationality gives more assurance to the United States that critical lines of communication will not be arbitrarily disrupted by some despot or some hegemonistic political entity.

The argument that promoting democracy is a valid American interest does not mean that all democracies behave predictably and rationally at all times. It does mean to suggest that with more of America's counterparts (in negotiations, disagreements, etc) sharing similar beliefs in the rule of law, representative

government, and free market theory, the United States will have an easier time achieving its other national interests.

Having stated that the U.S. is justified in promoting democratic ideals, the next questions are obvious. Which ideals should the U.S. promote, and how can those ideals best be fostered abroad? The former question is easier than the latter.

One fundamental ingredient of a democratic government is a popularly elected legislature capable of enacting meaningful laws. Many countries have legislative bodies at various levels of government. However, a body that is so poorly funded that its members hold additional employment is doomed to incompetence and conflict of interest. Furthermore, a functional legislature needs a talented staff capable of researching a variety of issues and keeping the representative in touch with his/her constituency. Some newly emerging democratic legislatures need training in the basics of law-making and its procedure.

These are all areas in which the United States can help, although perhaps in unconventional ways. If the U.S. accepts that democratic governments are more likely to become long-term friends (or at least they are less likely to become enemies), it should also accept that any progress along the democratic road is a plus for America. There are a variety of democratic forms of government, each with characteristics better suited to particular cultures. The United States should not try to export its particular institutions. To do so would not only be

interventionist but also detract from true government "of the people."

Therefore the United States should contribute the resources that are needed--mainly credit--but should attach few strings. Contributions are better channelled through nongovernmental organizations whose very missions are examples of democracy in action, such as the International Committee of the Red Cross. The United States Congress should appropriate its contributions on an ad hoc basis. That is the extent of the control. The nongovernmental organization is then free to carry out its mission according to its own procedures, not those of its donor.

This accomplishes two functions. First, it removes the specter of the United States from the promotion of a specific administration or institution. This alleviates the charges of "American puppet" and fosters the legitimacy of the home grown move for democracy. Second, this gives the nongovernmental organization the funding and freedom it needs to carry on its work according to its own established procedures.

Another fundamental component of democracy is a legal system based on the rule of law. This prevents the central government from arbitrarily arresting its citizenry, and it gives that citizenry equality before the law, which is vital if they are to seek redress for government abuses of power. A true justice system permits citizens to address grievances against the state. Such a system also relies on judges who decide cases based on legal precedent and applicability of coded law. Finally, a

meaningful justice system calls on the central government and its local representatives to refrain from pressuring judge or jury to reach a certain verdict.

The United States certainly can pride itself on its subscription to the rule of law, where even the President is responsible to the courts. Therefore, the United States can offer its legal system to be studied by foreign lawyers, judges, and others involved in legal workings. International workshops and lawyer or judge exchange programs can demonstrate to foreign attorneys the workings of America's legal system. These programs are less intrusive, and therefore more likely to gain the desired outcomes, than a program of sending U.S. Justice Department representatives overseas for example. And international workshops have another plus: they illustrate a number of legal systems, so that the intended reformers can pick and choose those aspects best suited to their culture and country.

Perhaps the most necessary trait for a democracy is openness or transparency, and that is brought about with freedom of the press. Restating from above, one of the reasons America should promote democracy is to gain some predictability in the foreign policy of its counterpart nations. A free press reveals the policy discussions and debates occurring in a nation, as well as the popular sentiment which may ultimately sway the final policy decision. A free press also makes it more difficult for a government to abrogate its own laws and treaties, as doing so bears unfavorably on the regime. Finally, an open press gives

all that information to American policy makers who are then prepared to present the arguments which can favorably (in the U.S. opinion) influence the policy outcome. At a minimum, an open press hopefully limits the surprises faced by U.S. officials. That in itself can add to America's security.

No country can be convinced by another to open itself to greater scrutiny; the push must come from within. Accordingly, the best path the United States can pursue is to offer itself as an example of a truly free press. As with the legal system, the American media should invite foreign media personnel to work on the U.S. staff for periods of at least six months. It can be safely predicted that within that time frame, some world or national event would arise which would demonstrate the paucity of restrictions placed on U.S. news reporters. Again, international media workshops and seminars have a role in demonstrating the freedoms and limits endured by various national news agencies.

Certainly any nation which examines the U.S. legislative, legal, and press systems will find shortcomings with each. Abuses often occur precisely because of the freedom of action each institution enjoys. But America can survive the scrutiny of its institutions, especially if such scrutiny allows another country to open its own institutions more than it had. The United States can afford the criticism in exchange for the progress of democratic ideals.

While promoting democracy abroad has both selfless and selfish motivations, another U.S. stated and practiced national interest

has mostly unselfish reasons. That is the promoting of human rights.

Although President Jimmy Carter is usually credited with placing human rights issues on the American agenda, the leaders of the post-World War II era considered human rights in such a state of international decay that they sought to restore them through the proclamation of the *Universal Declaration of Human Rights*. That document contains forty-seven international standards of human rights, ranging from the freedom from slavery to the guarantee of leisure time.[46]

The promotion of human rights may not gain many tangible benefits for the United States. However, the U.S. is justified in seeking to raise the level of nations' behavior toward their citizenry above some minimum standards set forth in international agreements. A country or government which holds no respect for its own citizenry can hold little respect for any agreements it negotiates, nor deserves any trust in international dealings. (Before casting off the last statement as opinion, one should think of the United States' opponents and their human rights records.) It is simply in the U.S. national interest to raise the standard of international behavior to one of mutual respect, and that can best be demonstrated by a country who demonstrates respect for its own citizens.

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[46]United Nations, *Universal Declaration of Human Rights*, General Assembly Resolution 217 A(III), 10 December 1948.

There is one selfish motivation in promoting human rights standards internationally. Given the complexity of the international business environment, it is much more likely for U.S. citizens to travel abroad to a variety of foreign destinations. Their own safety and security cannot be guaranteed once they leave the confines of the United States. Rather the U.S. Consular Office abroad must negotiate with the home government if any problem develops. The U.S. can feel a greater assurance of the safety for its citizens travelling in those countries who do implement positive human rights standards.

Certain provisions of the *Universal Declaration* are beyond the scope of legitimate interference by outside nations, but the United States has set its own minimum human rights standards which it expects every nation to meet. These include: 1) prohibition of torture and cruel and unusual punishment for detainees; 2) no arbitrary arrests, detentions, or exiles, nor clandestine arrests; 3) equality before the law, including the right of each citizen to take the State to court to redress wrongful imprisonment or the abatement of citizen's rights; 4) a prohibition on convicting someone ex post facto.

It can be argued that dictating behavior to other countries is interventionist. It is not interventionist to alter America's behavior in reaction to countries with questionable human rights records. That is how the U.S. has approached the promotion of human rights. Many of the current U.S. aid and assistance laws contain provisions for their alteration when the intended

recipient has a full slate of rights abuses. The Foreign Assistance Act of 1961 states that:

> No assistance may be provided under this part to the government of any country which engages in a consistent pattern of gross violations of internationally recognized human rights, including torture or cruel, inhuman, or degrading treatment or punishment, prolonged detention without charges, causing the disappearance of persons by the abduction and clandestine detention of those persons, or other flagrant denial of the right to life, liberty, and the security of person, unless such assistance will directly benefit the needy people in such country.[47]

A similar clause is found in the Agricultural Trade Development and Assistance Act of 1954. While these acts deny foreign assistance to countries with poor human rights records, they in essence control the spending of U.S. money and so are not in any way interventionist. The United States, once it has established that promoting human rights is a national interest, is free to control its own laws toward achieving that interest.

Other U.S. policies are flawed, however, because they take away the very type of assistance which is most likely to achieve the U.S. goal. The first of these is the Arms Export and Control Act. That it denies the sale and export of weapons to nations with a history of using those weapons against their own citizenry is understandable. The Act also, however, cancels all programs under the International Military and Education Training (IMET) purview. The IMET brings foreign military members in direct contact with U.S. servicepeople through sending the foreign

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[47]Congress, House, Committee on Foreign Affairs, *Human Rights Documents: Compilation of Documents Pertaining to Human Rights, 1983*, Committee Print, p. 27.

members to U.S. military schools, and through military-to-military exchanges.

Those exchanges are the most effective and least intrusive way to alter the character of a nation's military. Those participating in IMET are usually up-and-coming members of the foreign military. These are the people who will later rise in the ranks and fill the command positions. IMET offers an opportunity to see the role of the military in American society, and its limitations. IMET participants then return to their native country with a fresh notion of a professional military force. Those are lasting impressions that should not be underestimated nor denied. By cancelling IMET, the U.S. removes an example of how a military should interact with its society. That example, especially when fostered and propagated from within, can effect the long-term changes the U.S. seeks.

The United States directs its governors of international banking commissions (such as the International Bank for Reconstruction and its regional counterparts) to vote on directing funding away from those countries who engage in human rights violations. By contrast, the Foreign Assistance Act serves to withhold preferential treatment from human rights violators. That is a better reaction, and the difference is this: voting against funding for particular countries actually takes money out of their coffers. Withholding preferential treatment means not rewarding a country because it is felt their behavior warrants no rewards.

The International Financial Institutions Act of 1977 may be prolonging the problem, rather than solving it. Withholding money for development projects increases or prolongs the poverty of the target country. Long-term poverty itself decreases the worth of those it affects, so prolonging it can only worsen the lot of the poor. On the contrary, development programs such as dams, agricultural aids, and factories increase the wealth of the population. They also develop the target economy and bring it closer to integration with the world economy. Once on the world stage, the government's actions toward its own population come under greater international scrutiny. At that point, the improvement of human rights practices can be expected.

As the violating country's economy develops and it becomes more dependent on foreign trade, the U.S. can exercise more meaningfully its leverage with the Foreign Assistance Act provisions. Once the economy is more developed, continued human rights violations which lead to an end to American preferential treatment will be seen as regressive. An early end to American development is seen as maintaining the status quo. The former is politically more costly.

There are nongovernmental organizations which promote human rights, and these deserve the financial support of the United States. Amnesty International and Asia Watch are two which research charges of human rights abuses. Other organizations such as the International Committee of the Red Cross (ICRC) and the Catholic Relief Foundation also report on abuses they

discover when working in various countries. As with support for democracy-seeking groups, U.S. support should come with as few strings as possible.

Finally, the human rights clauses in the various American statutes make provisions for progress achieved. The U.S. should consider early lifting of its bans on support if the target country has made tangible improvements in its human rights practices. The U.S. should move especially quickly in cases where there has been a turnover in government and the new regime has sought to correct past abuses. That positive support for progress made is a clear motivation for further progress.

The last national interest to be discussed under this political category could just as sensibly fit under either the security or the economic categories, because in its implementation it will affect both the security and the economy of the United States. That national interest is the preservation and restoration of the environment. It is discussed as a political goal because the U.S. will have to interact with virtually every country to achieve this goal.

There are a variety of issues grouped under the broad heading of the environment, but three are selected here because of their urgency and because each holds great potential for both progress and conflict. The three are: preservation of the rainforests and the biodiversity issue, global warming, and clean-up efforts aimed at restoration.

The issue of biodiversity brings the United States and its partners of "the North" in direct conflict with "the South", which possesses most of the remaining rainforests in the modern world. Environmental researchers predict that up to fifty-percent of remaining species are to be found in tropical rainforests. The underlying issue for both sides is how to proceed with development without sacrificing the environment.

The developed nations of the North are concerned about biodiversity for more than lofty environmental idealism. The world's pharmaceutical companies believe that species yet undiscovered hold the ingredients for new medicines, and new cures to old diseases. To validate their expectations, these researchers need guarantees that those species will remain in existence long enough to be discovered. That will not be the case if the destruction of the remaining rainforests continues at present levels.

The South does not have a diabolical plot to exterminate species, but protecting their rainforests simply so the industries of the North can seek profit is not enough motivation. For one thing, the forests are a major source of income to countries such as Brazil and Indonesia (holders of the two largest remaining rainforests). Their timber is in great demand --mainly by the industrialized countries! For another thing, much of the current destruction of forests is due to slash-and-burn agricultural techniques still practiced by indigenous tribes who live on the fringes of the rainforests. When one has a low

standard of living, one tends to view trees as cooking wood, not as things of nature to be preserved. The way to preserve the forests--and the species they protect--is to raise the standard of living of the indigenous people, and to encourage careful development of any timber plots with an aim at replenishment.

Unfortunately, the North and South clash on this issue. It is an issue which offers similar interests to both sides, but the North does not see it that way. The opposing arguments' main points were demonstrated clearly at the United Nations Conference on Environment and Development in June of 1992, in Rio de Janeiro, Brazil. The South wants the North to pay for either the economic costs of preserving the rainforests, i.e., the profits that would have been generated by the timber industry, or the royalties from medicine sales if the key ingredients are based on species found in the rainforest countries. The North, in this case led by the United States, sees the issue as just another ploy by the South to get development money out of the industrialized world.

American President Bush refused to sign the biodiversity agreement at Rio. The U.S. felt that signing such an agreement would needlessly raise the development and production costs of new materials, many of which would be synthetically reproduced in labs north of the equator. This was a public relations blunder in Rio, but it continues to be a fundamentally flawed policy. First of all, no one told the industrialized nations to preserve their natural resources while they were developing; exploiting

those resources is what fueled the industrial fires. It is therefore quite hypocritical for the nations who have "made it" to tell the rest of the world not to follow their proven paths to economic success. No underdeveloped or lesser developed country wants to stay that way, and the fiscal resources have to be generated somehow. The hypocrisy is magnified when the United States continues to support its own timber industry, as it did in May 1992 (one month before the Rio Conference) by opening up another 1700 acres of ancient Northwest forest to logging companies.

Another reason the American position deserves criticism is that it seeks something for nothing. Neither Brazil nor Indonesia--nor few of the other countries who still have a sizable rainforest--have the scientific means to study and exploit the species of the forests for profit. Therefore, if the industrialized countries need to preserve the rainforests for exploration, they had better be willing to pay for the priviledged. The alternatives--complete management by the countries where the forests are located, or destruction of the forests in toto--eliminate any chance for profit by the North. Call it a research cost, but if the potential is so great, it should be worth the money for the chance. The American policy seems to seek something for nothing. A more sensible policy, and perhaps ultimately the only one offered, is to negotiate with the rainforest countries for the guaranteed preservation of their resource.

The second problem in the environmental realm also exposed itself at the 1992 Rio Conference, and again the United States placed itself in the minority. The problem of global warming--an unnatural rise in the temperature of the earth--is routinely blamed on the noxious gases spewed out by automobiles and factories. The United Nations Conference sought an international agreement to lower the levels of pollutants produced by industrialization. The United States sought to weaken the agreement by lowering its target pollutant levels.

The main reason for the United States position is that its scientists cannot offer substantial proof that global warming is occurring at all. Not substantial enough for the Vice-President's Council on Competitiveness, which argues that the expenditures necessary to meet the targets far exceed the expected benefits of doing so.

Many of the apocalyptic conclusions based on global warming-left-unchecked depend on computer-generated models of the future earth's atmosphere. Not one of these models, however, can successfully predict the present condition of the atmosphere given the proper inputs.[48] That constitutes a failure of one of modelling's most basic tests. Also, global warming has occurred on a more-or-less cyclic basis throughout the short history of such recorded such data. Indeed, the winter of 1991/92 was one of the coldest for much of the world. For every bit of evidence

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[48]*Time Magazine*, 15 June 1992, 35.

supporting the global warming argument, there is another bit refuting the argument. Until the evidence mounts to prove that global warming is occurring, the United States position will remain unchanged. Domestic clean air laws will gradually reduce levels of pollution, but not at such costs as will ruin America's economic competitiveness.

This position transitions to the last point under environmental interests of the United States. Where are environmental resources better spent? Since 1970, the United States has repeatedly enacted legislation to lower pollution levels between its own borders. In the American opinion, the situation has reached the point of diminishing returns. The costs of further reducing pollution levels in the U.S.--from relatively low levels by world standards to even lower levels--exceed the costs of achieving greater amounts of progress outside of the United States. Wouldn't American money be better spent by reducing the pollution levels of other countries, bringing their factories up near American standards?

While this was not addressed in June at Rio, this is a policy the United States should consider. The current Clean Air Act allows over-polluting countries to "purchase" credits offered by under-polluting companies. This premise could be expanded internationally. Pollution credits can be earned when an American company takes measurable steps to reduce the pollution levels overseas. An example can be found in the auto industry. Rather than raising the CAFE standards for fuel economy, which

increases redesign, retooling, and a variety of engineering costs for the auto manufacturers, offer pollution credits if these companies lower the pollution output at one of their overseas factories.

This particular example would certainly clean the air near the maquiladora zone[49] in northern Mexico, which would also help the people on the U.S. side of the border breath easier. By offering the auto manufacturers the choice of meeting new CAFE standards or earning credits, they can determine which costs can best be afforded; either way, the earth's atmosphere is the benefactor. Other industries offer their own alternatives.

Few in the American government argue that preserving and restoring the environment is detrimental to the nation. America must and does understand that it is only one passenger on the Goodship Earth. The climatic changes brought about by deforestation half a world away influence the wind patterns that affect Americans. That increased environmental awareness is a national interest is best proven by picturing the state of the United States in a period of continued (or more rapid) environmental decline. The United States needs to accept that what it can do to improve the current situation it should do;

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[49]The *maquiladora* zone is located on the Mexican side of the U.S.-Mexican border and is home to several industrial plants belonging to American-owned corporations. The Zone was established in 1965 as a conscious effort of the Mexican government to stimulate employment and development while curbing illegal emigration to the United States.

given its resource and technology base compared to much of the world, the U.S. can do quite a lot.

What it must first do is lead by example where it can, as by ending the deforestation of its ancient forests. Next, it must offer assistance and development alternatives to developing countries; hungry people care little about long-term environmental impact. American bioresearchers should not seek something for nothing, lest they be subject to environmental blackmail. Finally, given the global scale of the problem America should accept progress anywhere as progress everywhere and support creative methods of reducing pollution levels. There are certain things the United States can't afford not to do.

C. ECONOMIC NATIONAL INTERESTS

Even before the Soviet Union collapsed, many strategic planners and political analysts were pointing out that a shift was on from a world dominated by the political and military competition of two superpowers to a world dominated by economic relationships. This new world has similar characteristics to the old one: weaker and stronger competitors, blocs of nations with shared interests and needs, and the potential for wars. But the differences between the old world and the new are noteworthy. Whereas the Cold War centered around two military superpowers--the U.S. and the U.S.S.R., the post-Cold War world currently centers on three economic superpowers. They are the United

States, the European Community, and Japan. The East/West blocs have disintegrated, replaced by more natural regional groupings such as NAFTA, APEC, and an EC which includes many Eastern European countries. Finally, whereas the Cold War confrontation revolved around different political ideologies, its winners were capitalists. Now each nation competes for the primacy of its particular capitalist system.

The United States has long championed the capitalist system characterized by laissez-faire, free markets, and competitive advantage. It is challenged by managed trade, closed markets, and unrestricted marketing practices. To prosper in this new age of economic primacy, the United States has the following national interests: reduction of its massive deficits in both long-term debt and current account, promotion of free and fair trade, and improving U.S. competitiveness internationally including capitalization of U.S. competitive advantage.

Having a current account deficit or a long-term debt is not unusual nor is it economically unhealthy; anyone who has financed a home or car knows that. However, the United States is predicting a $290 billion current account deficit for 1993, and that is a modest prediction. That means that in 1993, U.S. expenditures will exceed revenues by at least $290 billion. Even more astronomical, the long-term debt of the U.S.--which includes the cost of short, medium, and long-duration government bonds--is fast approaching $4 trillion!

The real problem is the percentage of the U.S. budget which has to be allocated to servicing the nation's debt. Since 1980, that percentage has grown from $53 billion and nine percent to $199 billion and fourteen percent of government expenditures![50] That high debt-service ratio removes a great deal of flexibility from U.S. policy makers, and that is where the trouble of budget deficits lies.

That loss of flexibility forced former Secretary of State James Baker to "pass the hat" to pay for Operation Desert Shield/Desert Storm. The United States simply could not afford to bear that entire burden. That looming deficit causes policy makers to act or refrain from action based on fiscal, not strategic concerns. More support is needed, for example, to realize success in United Nations peacekeeping operations in Yugoslavia, Somalia, and Cambodia. The United States, however, can afford to pledge no more than it has. Granted in each case there are deep problems that money will not solve, but the United States has not conferred its dominant backing which becomes quite evident when big dollar amounts are committed. That has forced other actors to come to the front (such as Japan in the Cambodian dispute); in some cases, no nation has stepped forward.

The limitations to American domestic policy are more apparent. Given the current deficit, the United States cannot

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[50]Warren Rudman, "The Federal Budget Deficit: It's Time to Do Something for America," *Vital Speeches of the Day* 58 (15 April 1992), 388.

follow its tried and true formula--priming the pump--for stimulating the sagging American economy. The tax cuts and research grants which offer promise to many stalled industries are simply too costly to tack on to current levels of debt. Without those methods the U.S. must exercise patience and ride out this cyclical downturn. That strategy has already cost one American president his job.

It is not the purpose of this paper to formulate economic policy; it is the purpose to explain that the U.S. must lower its levels of debt if it is to regain the flexibility needed to tackle the problems facing a superpower. Any successful reduction of the deficit will have to come about from a combination of increased revenues--through more efficient corporate tax collection and less talk of tax cuts--and decreased spending.

The largest gains in the latter can be made by slowing the planned rise in expenditures --Social Security, Medicare, federal retirement programs. The 1992-1997 Congressional budget forecast places the entitlement growth rate at over eight percent, for a total cost of $800 billion to $1 trillion![51] That amount saps the potential gain from any peace dividend and certainly rules out all tax cuts for any class. Without a quick return to fiscal responsibility, the U.S. economy will remain stagnant for a long time.

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[51]Warren Rudman, 389.

The introduction to this section mentioned the competition of differing capitalist systems, characterized by more or less government involvement in the business sector. The United States' system is based on the notion of laissez-faire, roughly translated into the less government involvement, the better. Therefore, in the post-Cold War economic competition, the United States must promote free trade and the international free market.

The advantages of truly free markets include increased competitiveness, higher efficiency brought on by that competition, and lower prices for the consumer. These are also the goals and purposes behind the North American Free Trade Agreement (NAFTA). An agreement between Mexico, Canada, and the U.S., NAFTA offers duty-free passage of goods produced mostly within North America. It encourages the free flow of investment, technology, and labor across borders.

NAFTA has great potential for the U.S. economy. As investment is attracted to Mexico because of lower wages, fewer union problems, and less government restrictions, the Mexican standard of living will rise. This in turn will increase the area of overlapping demands between Mexico and its northern neighbor. Also, over the fifteen-year implementation period for NAFTA, tariffs on American goods flowing southward will be reduced to zero. Both of these facts are very good for American businesses. The overlapping demand curves increase the marketing potential for higher-priced American goods and services; the

lower tariffs increase the price competitiveness of American products against their once-protected Mexican counterparts.

Critics argue that U.S. manufacturing jobs will go to Mexico on the fast train because of lower wages and looser restrictions. The counter is that these conditions already exist in Mexico and already suck manufacturing jobs from America. NAFTA is a way to turn the situation into a mutually beneficial one. The reduction of tariffs means that those Mexican manufacturers will now have to match or nearly match the output of American workers before labor savings can be realized.

The best evidence that NAFTA will benefit America is its predecessor, a free trade agreement between the U.S. and Canada begun in 1988. As compared to pre-agreement levels, intraregional exports between Canada and the U.S. increased by one percent of the region's total exports, and external trade increased by nearly two percent for both countries.[52] While these numbers are modest, numbers for other free trade agreements have shown more positive growth over the ten-to fifteen-year implementation periods; such information is obviously not available for North America yet.

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[52]Augusto de la Torre and Margaret R. Kelly, *Regional Trade Arrangements* (Washington, D.C.: International Monetary Fund, 1992), 20-21.

Given that open-ended free trade arrangements[53] are valuable to the U.S. economy, it is in America's interest to widen the scope of NAFTA, either expanding its membership to include other Western Hemisphere countries or linking it to existing regional free trade areas. Such efforts should have the following preconditions if they are to take advantage of America's economic strong points.

First, any agreement must include the free flow of services as well as products. The advertising, telecommunications, legal, insurance, and airlift industries are many of the areas in which U.S. firms enjoy a competitive advantage. If left to market forces (unhindered by tariffs or non-tariff restrictions), the United States should earn a large market share due to relatively lower unit costs of these services.

Next, intellectual property rights must be given some protection. This allows high technology firms to enjoy the full returns on their research and development investments, rather than having such rewards reduced through copyright infringement or bootlegging. Again, this will help U.S. firms, especially in the computer and biomedical fields. The profits lost to pirated computer software and copied pharmaceutical drugs alone are staggering--and largely affect U.S. companies.

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[53]An open-ended free trade arrangement is one that imposes no additional tariffs on non-members. It merely lowers the existing tariffs between members.

Finally, further U.S.-sponsored free trade arrangements must work to reduce subsidies and state-sponsored trading in all but the most critical (economically or politically) fields, as determined through compromise. It is the habit of developing countries to subsidize farmers of cultural staples, to keep the agricultural sector gainfully employed, while simultaneously discounting the price of those staples so that the country's poorer citizens can afford them. This is not competitive advantage at work. The United States has some of the lowest production costs of grains in the world but often finds restrictions placed on its exports. If potential trade partners are eager to accept the manufacturing jobs, they must compromise and let market forces dictate nearly all production flows.

Other free trade areas have been proposed, and it is in the interest of the United States to push for their realization. One in particular is the Asian Pacific Economic Cooperation council(APEC). This grouping would combine the economies and markets of much of Northeast and Southeast Asia with Canada and the U.S. Competing for attention is the East Asian Economic Caucus(EAEC), proposed by Malaysia's prime minister, Mohammed Mahatir. The EAEC excludes North America and Australia, and therein lies its faults. Any preferential treatment offered between the Southeast Asian nations ought not to ignore the United States, because the American market absorbs more ASEAN exports than any other.

One further step could be taken by the U.S. in the interest of promoting free trade, and that is to back off from the current positions which threaten to render the Uruguay Round of GATT negotiations useless. Progress has been made in the round (which began in 1986) on reduction of non-tariff barriers and acceptance of international copyright protection. The current resolve demonstrated by European leaders to stand by their agricultural subsidy programs is based more on domestic politics than on international economics. With the added pressures of the fluctuating European financial market and the vote on the Mastracht Treaty for more formal European unity, parliamentary leaders have to preserve current coalitions to make progress on any front. The subsidy issue is perhaps best left for another session. The progress made by this session of GATT negotiations should not go unfulfilled.

For the U.S. to boost its economic output, more is needed than free markets. The United States must increase its competitiveness in the existing and future global markets. The large trade surpluses enjoyed by Japan for so many years can be attributed to two main reasons, both of which need to be addressed by American policy makers and industry captains. Those reasons are the superior quality of the Japanese (and now Korean, Taiwanese, and others) industrial processes and unfair trading practices by competitors. The latter includes subsidy programs and non-tariff barriers (such as unnecessary inspections and standards and horizontally-organized economic groupings called

keiretsu). These non-tariff barriers add costs to foreign goods and/or prohibit foreign companies from gaining market access.

The former, increasing U.S. competitiveness, can be accomplished a couple of ways. First, U.S. firms may advantageously adopt "Japanese"[54] management practices aimed at increasing quality and efficiency. Techniques such as statistical control of production processes aim not at meeting specifications, but at making each subsequent product an exact copy of the preceding one. There is more than a subtle difference. Just-in-time inventory techniques cut down on capital expenses largely through the elimination of space wasted by stock-piled inventory.

Total Quality Management and its derivatives are finding favor with American firms, and they are producing very favorable results. In the mid-1980's the Xerox Corporation went on the selling block because of its prolonged poor sales; no offers were made. Within ten years of changing its management and production philosophies the company has regained a respectable share of the industrial copier market and again competes internationally. Motorolla and IBM offer similar success stories. The rest of America needs to learn from their own examples of how to compete in the modern world.

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[54]The Quotations appear because many of the so-called Japanese management techniques were introduced in Japan by Americans after World War Two. W. Edwards Deming and Joseph Juran are two originators of these management techniques.

The United States government has a role, too. Taking advantage of the end of the Cold War, the U.S. Department of Defense (mainly) needs to reexamine its restrictions on export of high technology goods. This has hampered the marketing of high-speed computer processors, optical equipment, and a host of other military technologies with significant spin-off potentials. While it is still dangerous to allow advanced technologies to fall into the wrong hands, the U.S. should accept its Cold War victory and the resulting security in the world as a whole. If other U.S. policies are carried out, i.e., achieving regional stability and stemming arms proliferation, the United States can afford to assist its leading edge industries by removing barriers to competitiveness.

These, then, are the economic interests of the United States. It must be a priority to substantially reduce the current level of debt in the U.S. economy. Until that happens--and it will take years before a significant reduction is noticed --the U.S. will be operating with one arm tied behind its back; otherwise-sound policy decisions on the domestic and foreign fronts will have to be foregone because of impossibility of funding.

While the budget reductions are occurring, the U.S. cannot ignore the fact that its economy is linked with the international community; therefore it is a U.S. interest to promote the free trade system on a world-wide basis, through the development and expansion of regional free trade areas. As the economic system

most-favorable to America is being put in place, U.S. companies must increase their competitiveness on the world scene, through both improved management practices and an easing of current export restrictions.

D. INDONESIA'S PLACE IN U.S. NATIONAL INTERESTS

In order to summarize this view of U.S. national interests, this section will examine the place of Indonesia in each of those interests. At times, Indonesia's policies and desires mesh with U.S. objectives and strategies; at other times, the two countries seem to move along different paths. Given the U.S. position in the world and Indonesia's position in Southeast Asia, it is likely that the two paths will cross.

Looking first to the security front, Indonesia possesses no nuclear weapons nor large expeditionary forces, so the country does not directly threaten the United States. The subject must then turn to Indonesia's role in regional security issues, as it is a U.S. interest to prevent regional upsets to peace. Here, the U.S. and Indonesia seek many similar goals.

Two Southeast Asian locations are among the world's hotspots: Cambodia and the Spratly Islands. In Cambodia, both Indonesian and U.S. forces are on the ground as part of the United Nations peacekeeping operation. Beyond that, Indonesia has held numerous conferences throughout the Cambodian conflict in an effort to reach a peaceful solution acceptable to all four

warring factions. These efforts culminated in the 1992 Paris Conference which defined the U.N. efforts. Peace on the Indochinese Peninsula is in the interest of both Indonesia and the United States.

Indonesia has also sponsored discussions to settle the Spratly Island disputes. As a Southeast Asian country with no claims to the disputed territory, Indonesia enjoys a special role as intermediary. As with Cambodia, Indonesia does not want to see war in its part of the world. War in Southeast Asia--no matter what scale--lowers the world's opinion of the region's stability. That in turn could mean fewer investment dollars from Europe and North America, which is definitely not in the best interests of Indonesia.

It is in reviewing U.S. political interests that Indonesia and the U.S. seem bound to clash. As for the U.S. desire for the spread of democratic nations, Indonesia claims that it is a democracy--one better suited to Indonesian culture than those offered by the West. As for increasing the popular selection of government, one recalls the Indonesian expression that voting only starts trouble; it does not stop it. Given the diversity of the Indonesian population, a truly representative government might not be able to muster a majority of votes on any issue, leading to political stagnation.

Promoting the rule of law is closely related to the desire to improve human rights, because rule of law would limit the arbitrary judicial decisions which in fact serve purposes other

than the attainment of "justice". Furthermore, the human rights issue opens up a sizable can of worms. The most basic problem is that Indonesia holds a different view of human right standards than the United States. Indonesians are not free to gather publically, speak their minds, or write what they wish. Such public "clamor" is likely to stir up animosity among different factions of the population and ultimately disrupt national unity. That will not be allowed to happen by the Suharto government. Arbitrary detentions of dissident groups are enacted based on similar arguments.

It may not be too much for the U.S. to ask the Indonesian government to take measures to prevent a repetition of the Dili massacre, in the minds of Americans. Even that, however, is deemed interventionist by Indonesia, and the accusation of meddling will come swiftly. To summarize the Indonesian view of U.S. political interests, Indonesian domestic politics are none of America's business.

As far as the environment is concerned, Indonesia is quick to point out that no one told the West how to develop, and no international conscience appeared to prevent the developed countries from exploiting the earth for their own economic betterment. That said, it is not the place of the developed nations to tell the developing world that care should be taken. Sustainable development, if it is to be realized in Indonesia, will come about only if Indonesia perceives such a strategy to be

in its own best interest. Little thought will be given to the desires of the developed world.

Luckily for the United States, Indonesia does view sustainable development as beneficial. That immediately brings up the issue of cost and the question of who will pay for environmental improvements. The Indonesian government believes that each nation of the world should contribute based on its ability to pay. This makes the U.S. bill considerably higher than the Indonesian contribution, unless some new thinking emerges.

If Indonesia and the U.S. converge on security issues and diverge on political issues, they waffle over economic matters. Some U.S. companies have discovered that Indonesia is a source for cheap and abundant labor. While this lowers production costs for American goods, it also helps to open up a potentially lucrative market of 180 million consumers.
Unfortunately, that market is not easy to break into. The monopolies controlled by the Suharto children force entrepreneurs to enter into joint contracts with specific holding companies, no matter what better offers are available. In Indonesia, access is everything, and access is gained through the Suharto clan.

Additionally, Indonesia does not believe in free market economics to the extent the U.S. does. Oil, natural gas, and other natural resources are controlled by the central government, on the belief that these belong to no person or group of persons but to all Indonesians. Also, Indonesian tariffs average above

thirty-percent to raise government revenue and to protect Indonesian industries. Neither of these practices is consistent with the U.S. belief in laissez-faire economics.

In sum, Indonesia understands the U.S. about as well as the U.S. understands Indonesia. The United States' interests demand that it promote itself worldwide to achieve those interests. What constitutes meddling in Indonesian opinion is translated as concern for fellow men and women in American minds. Finally, the thought of economic matters determined solely by market forces is not accepted by the Indonesian government who holds the view that only the developed nations are ready for such a state of affairs. Where U.S. interests involve Indonesia, American diplomats will have to walk quietly on rice paper; otherwise, Indonesian desires for nonintervention into Indonesian affairs will stop the U.S. in its tracks.

E. U.S. PRIORITIES IN THE PACIFIC

This chapter has outlined the fundamental national interests of the United States everywhere, including the Pacific region. On the political front, some of the world's most-repressive governments are in Asia: China, Burma, and Indonesia to name a few. Environmental concerns usually pit the United States and its Western partners against the Third World; indeed any talk of rainforest policy forces interaction with Thailand, Indonesia, and Malaysia.

The security interests of the United States in the post-Cold War world center on regional strategies, such as maintaining a regional presence and preventing the emergence of regional hegemons. The Spratly Islands dispute, if it turns hostile, could involve military forces from six Pacific countries. The Cambodian peace efforts appear stalled over Khmer Rouge refusal to abide by United Nations resolutions; that country is still a tinderbox. Finally, China and India have revealed expansionist strategies in their military planning and procurement. All of these are direct challenges to American security interests.

As for economies, the economic future of the United States rests in some part with the countries of the Pacific. Certainly Japan receives the lion's share of the attention, but America's second-largest trade deficit is with mainland China. As the region moves toward some sort of economic grouping, the United States needs to involve itself in the resulting entity. Finally, the U.S. requires the markets of the Pacific, with their large populations and maturing tastes. To establish itself in these markets will take effort from both sides of the Pacific.

Given the potential for involvement with numerous Pacific nations having many diverse factors in conflict, the United States must establish its priorities for the region in determining its policies. In achieving its own objectives, United States policy must take into consideration the current U.S. priorities for the region. With U.S. Pacific priorities as a topic, Japan quickly comes to mind. The relationship with

Japan must be repaired after the bilateral bashing of the past few years. Given the changing strategic picture, ie the collapse of the Soviet Union, the U.S.-Japan relationship is seeing economics shift to the fore, edging out traditional security concerns. The U.S. must pursue the Strategic Impediments Initiative so that the two powerful economies can compete peacefully, lest the entire relationship turn bitter.

The primacy of economics does not sanction the avoidance of security concerns. U.S. bases in Japan allow the United States to operate freely through the Pacific and Indian Oceans. Those operations must continue if the United States is to demonstrate its interest in regional affairs; therefore, the bases should stay. Any talk of reducing the U.S. military presence in Japan calls for some nation to assume the duties left unfulfilled. No matter which nation is mentioned for such a role, other Asian countries shudder, recalling history. To believe that the region can truly be demilitarized is to ignore the current realities of the Chinese and Indian weapons programs. Traditional sparks have also been generated by various Southeast Asian nations. The presence of the United States military serves to prevent those sparks from igniting flames; it convinces regional players to seek non-military options as much as any other factor does.

The United States and Japan are more closely linked--politically, as Japan assumes a world role commensurate with its economic power, economically, with each nation dependent on the

other's markets for sustained growth, and in the security realm, as both nations formulate their New World Order Pacific postures --than either cares to admit. That relationship has brought and continues to bring a variety of resources to the rest of Asia. Therefore, the U.S.-Japan relationship must be strengthened anew.

America's next priority in the Pacific is to finish the Cold War, which means dealing with China and Korea. "Socialism with Chinese characteristics" is resembling capitalism more and more closely. With each step, strategists wonder how long free world economic ideas can be imported without importing democratic ideals. One might say, as long as the money flows. Yet the 1989 demonstrations at Tiananmen Square stirred more than just the students; one can argue that the spread of support to the laborers told Communist hardliners that it was time to halt the affair.

In either case, America must decide how to interact with the world's most-populous nation. Economic opening brings China into the "family of nations" and decreases the risks of irrational behavior such as selling nuclear technology, so such opening should be encouraged. It cannot be encouraged at the expense of all else, however. Human rights violations on the scale of Tiananmen cannot be tolerated by a leader in the free world. Any future violations should not be allowed to pass over so quickly.

Instead the United States should use every international fora available to force China to abandon such practices or risk a return to isolation. To do this the U.S. will have to convince its principal allies that some things are more important than economics. A concerted effort by China's main export markets can alter the country's behavior without forcing it to take the wild steps feared by opponents of such a policy. Whatever the final policy (if policy is ever final), China is clearly the most important Asian country to U.S. planners, after Japan.

Next are the two Koreas. While there are two Koreas, and while one of them refuses to abide by internationally accepted norms of behavior, U.S. resolve on the peninsula must remain clear and clearly stated. That resolve is best demonstrated by the continued presence of U.S. forces on South Korean soil. It is easy to pull forces back; it is very difficult to redeploy them should the need arise. When the issue of reunification is ready to be addressed with genuineness and without the political maneuvering of the past, then and only then can the U.S. reassess the need for its forces. Before this happens, North Korea must open itself to international nuclear arms inspectors. That is the best indicator of Pyongyang's seriousness.

Turning to Southeast Asia, America's closest ally in the region is Australia. The two nations share similar political and economic ideologies, and they share security concerns. The next priority for the U.S. is assessing the status of the ANZUS Treaty. True the New Zealand government has not changed its

policy regarding nuclear-armed or -powered vessels in its ports. The U.S. has, however, altered its policies. U.S. navy ships no longer carry nuclear weapons. If they decide to do so in the future, it will almost assuredly be in response to a specific threat, one most likely felt simultaneously by New Zealand. Since the U.S. has gone halfway, perhaps the Wellington government can be convinced to come the other half. It was the weapons which caused the larger stir in the population. With their removal, perhaps calmer heads can prevail.

Close relations with either Australia or New Zealand, unfortunately, do not give the United States an inroad to the rest of Southeast Asia. The two Anglo countries are considered outsiders in the Chinese-Indian-Malay world of Southeast Asia. Nevertheless, the United States must involve itself with Southeast Asia. Currently it does so through bilateral relations with the member states of ASEAN. The U.S. feels it has an advantage in dealing with each country separately, where decisions and agreements can be approved/disapproved based on their own merits, unincumbered by regional rhetoric so readily forthcoming from ASEAN, regional representative of the South in North-South relations.

Right or wrong, those are the U.S. priorities in the Pacific. Certainly no shortage of policy speeches has labelled the U.S.-Japan relationship the most important one in the Pacific. That attitude will not subside quickly. After Japan, China must be considered if only because it is home to one-fourth

of the world's population. There are better reasons than that of course, as China is undergoing fundamental economic changes; the world wonders if political changes will follow. Next, progress is being made on Korean unification, and the U.S. is ready to close that last remnant of the Cold War. North Korea is still suspicious, however, so the U.S. must remain on the ground to keep the situation rational.

After all that, the United States looks toward Southeast Asia. Because of familiarity rather than sound policy, Washington chooses to emphasize its regional involvement through the Canberra and Wellington governments. To be taken seriously in its expressed desire to preserve peace and stability, the United States must tackle head-on the rest of Southeast Asia. What will the new relationship be with the Philippines now that the bases are gone? Does the removal of those bases give the U.S. a better position to negotiate with Indonesia or Malaysia? Is the visitation agreement with Singapore a workable model for future agreements in the Pacific?

These questions are the U.S. concerns in Southeast Asia in the next decade. These are the considerations under which the United States will seek to further its national interests. Nowhere does the promotion of democracy face greater challenges than in Indonesia, Burma, and even Singapore (with its strict controls over the population). The security picture of the modern Pacific forces the United States to reconsider each of its current bilateral relationships, with an effort to catching up

those relations to match the post-Cold War world. Finally, development of closer Pacific economic relationships through open-ended free trade agreements such as APEC is vital for the U.S. economy to expand its export base and fuel other sectors of its slow economy.

The United States certainly has a future in the Pacific. To achieve its national goals in this arena, however, the U.S. may have to break with traditional strategies. The Pacific is a vibrant region, its countries are on the upswing. The United States must show some forward thinking to maintain its place on the region's front pages.

IV. FORGING THE NEW RELATIONSHIP

The interests of Indonesia and the United States have their areas of compatibility and difference. The goals of Indonesian policy stem from the concepts contained in Pancasila and are: 1) ensure the survival of the state by fostering national unity, 2) maintain and preserve territorial integrity against all threats, and 3) enhance and promote national development by capitalizing on foreign aid and investment. The goals of American policy are delineated in the Preamble to the Constitution: 1) form a more perfect union, 2) establish justice, 3) ensure domestic tranquility, 4) provide for the common defense, promote the general welfare, and 5) secure the blessings of liberty.

The objective of this thesis is not simply to define the interests of the two countries, but to re-examine the current U.S.-Indonesian relationship to the purpose of concluding if--and if so, how--that relationship can be improved upon, given the policies each nation has pursued to protect and promote its own interests.

The Javanese characteristic of seeking compromise over conflict will be used. The first step is to determine where the two countries have mutual interests. Naturally, these shared

interests are the likely areas through which closer ties can be fostered.

There are areas, of course, in which Indonesian and American policy concerns seem to diverge. In some instances, however, these differences can be at least partially overcome so that the relationship as a whole can continue to progress. What is needed in these areas are new approaches to old impasses.

It can be expected that subjects will arise on which reasonable governments can disagree, and Indonesia and the United States are no different than any two countries. The areas of disagreement will be reassessed in order to find a path to improved relations.

A. COMMON INTERESTS

It is probably in the area of security where an improved bilateral relationship would reap the most rewards. American security interests include the prevention of regional disruptions to peace. One of the potential hotspots is in Southeast Asia, and that is the Spratly Islands dispute. Six countries claim all or part of the Spratly Island chain; China and Vietnam exchanged gunfire in the region in 1988. Now with the belief that there are vast oil deposits under the islands, the stakes for claim resolution are higher.

A battle over the Spratly Islands serves neither the U.S. nor Indonesia. Such a battle would threaten the strategic

Malacca and Sunda Straits, which the U.S. depends on for free passage in the Indian Ocean. A battle in the South China Sea would paint Southeast Asia as unstable and thus turn away potential investors. Indonesia and the other ASEAN nations have been fighting against such imagery for years; a Spratly conflict would undermine their efforts.

It is clearly a mutual interest of the U.S. and Indonesia to seek a peaceful settlement to the Spratly dispute, and both countries have a role. Already Indonesia has hosted negotiations with all Spratly claimants to seek a peaceful resolution. The negotiations were somewhat successful, as all Southeast Asian parties signed a pledge not to use force to resolve the issue. Continued negotiations hosted by Indonesia as an interested but uninvolved observer are vital to keeping regional peace.

China did not sign the use-of-force prohibition, however, and prefers to pursue its objectives through bilateral talks. This is where the United States comes in. The United States can use whatever influence it has with Chinese leaders, which is increasing due to the growing economic relationship between the two countries, to bring China to the international negotiating table. Given China's size and comparative military might in the region, China will not lose its favorable bargaining position by switching from a bilateral to a multilateral format.

There are potential solutions which enjoy appeal by most parties. One is the joint development concept, in which sovereignty is undisputedly reserved for China but all nations

jointly develop whatever resources the territories possess. Another idea is similar to the agreement reached by Australia and Indonesia over the Timor Gap. This concept reserves sections of territory for each country, over which it holds sole development rights. In between these exclusive areas are regions reserved for joint development, with profits being equally shared among participants. Starting with these proposals and getting all concerned parties to the same negotiating table, the Spratly issue can be resolved peacefully, with some assistance from Indonesia and the United States.

The Spratly Islands are the current hotspot, but Indonesia shares with the United States the desire to maintain a secure Southeast Asia. This can be done with America's "new" tactics for security negotiations: diplomacy, counterbalancing military sales, and use of regional surrogates.

One of Indonesia's growing security concerns is the Indian Navy, given its submarine procurement strategy and its desire to secure the Andaman and Nicobar Islands as necessary. While Indonesia does have submarines of its own as well as air and naval vessels capable of defending against an amphibious attack, Indonesia lacks ample antisubmarine(ASW) assets to counter the Indian threat.

The United States could sell Indonesia P-3 Orions, which have the ability to locate and destroy enemy submarines. The U.S. could also sell sonobuoys, which could be dangled from Indonesia's own helicopters. As in the current deal which

provides American F-16 fighters to Indonesia, some of the production for the ASW equipment and platforms could be done in Indonesia. This would add jobs and technology to Indonesia, sweetening the deal.

The security of the region can be maintained through continued U.S. presence, and members of both governments have stated that opinion publicly. Permanent American bases on Indonesian soil are not the way to maintain that presence, however. More progressive alternatives are available. One is the reciprocating use of each other's military facilities. The United States, for instance, could use the Indonesian navy's repair facilities at Surabaya (on Java) as well as the air force practice ranges at Siabu, Kiau. This would provide access to facilities near critical straits as well as area familiarity for U.S. fighting forces.

On the other side of the agreement, the U.S. could offer Indonesia use of its air training ranges in Alaska, which would give the Indonesian Air Force a place to train during the monsoon season. Additionally, use of P-3 simulators could provide the Indonesian Navy realistic ASW training in a peaceful environment.

The United States could also maintain its Southeast Asian presence by conducting multilateral exercises, including Indonesia. While the two countries currently carry out joint exercises, these could be expanded to include other countries, such as Singapore, Thailand, or Australia. This would demonstrate that the U.S. is interested in working with all non-

hostile governments toward the attainment of regional peace. This would also increase the interoperability of the region's military forces and perhaps alleviate mutual fears.

Many Southeast Asian nations have a latent fear of the military picture in Southeast Asia should U.S. presence decline. Given American budget woes, that presence is likely to decline, but it need not be feared. The United States could limit its own presence by patrolling with other regional powers, especially India and Japan. Those two powers instill anxiety in many Southeast Asian leaders; such anxiety would surely increase if either nation expanded its military presence. If that presence were checked by American forces working at their side, however, the anxiety level could be reduced.

This co-patrolling serves the needs of the U.S. and Indonesia. The idea allows the United States to patrol the same areas it has in the past while committing a reduced level of resources to meet budget constraints. For Indonesians who generally view the U.S. as non-expansionist, the U.S. forces would provide a check on the growth of Indonesia's potential adversaries. As a Malaysian official once said, "It is futile to depend on the United States to maintain [Southeast Asian] security, but folly to depend on Japan."

One contemporary security issue unites U.S. and Indonesian interests of regional stability, and that is the restoration of peace to Cambodia. Both countries were encouraged by the decisions of the Peoples Republic of China and the government of

Vietnam to curtail financial and military backing to their respective Cambodian factions (the Khmer Rouge and the Cambodian Peoples Revolutionary Party, respectively). Also, both countries have peacekeeping troops on Cambodian soil as part of the U.N. effort.

For Indonesia, peace in Cambodia will bring peace to the Indochinese Peninsula, an area Indonesia is eager to invest in. That regional peace will also make Southeast Asia a more sound place for foreign investment, something desired and needed by Indonesia. For the U.S., a peaceful end to fighting in Cambodia will hopefully displace once and for all the Khmer Rouge, tyrannical by American standards.

As for how to achieve that peace, the U.N.'s three-phased plan is a good beginning. That plan calls for 1) an end to hostilities, 2) the disarmament of the three rival factions and U.N. oversight keeping the government's army in check, and 3) national elections in May 1992. Unfortunately, phase two is a sticking point, because the Khmer Rouge has thus far refused to turn in their weapons.

Indonesia, as a regional actor and member of the U.N. force, may be able to keep all factions talking, as the Jakarta government has sponsored dialogues on Cambodia in the past and was co-chair for the Paris Conference in 1992, which formulated the U.N. plan. The United States may also work with the PRC to convince the Khmer Rouge to disarm and let the U.N. plan continue. This is a possibility because of China's own desire

for peace in Indochina, for its own security and economic interests. There is room for Indonesia and the U.S. to work together toward peace for Cambodia.

All of these security concepts serve to promote a better relationship between Indonesia and the U.S. These concepts treat Indonesia as a regional power and an equal member of the community of nations. They also merge some of the security strategies of the two countries, which may provide the United States with a regional partner through which it can address shared concerns in other issue areas.

Leaving security issues for economic matters, one area is of equal concern to nations of the North and the South, so the U.S. and Indonesia are no exceptions. That area is debt reduction. Indonesia's total foreign debt is $66 billion, with one-tenth of that coming from the current account deficit. That places Indonesia with a debt-service ratio exceeding thirty-five percent![55] Certainly, such a situation is not good for any country.

From Indonesia's standpoint, one-third of all revenues must go to service debt. That pulls money directly out of the coffers for agricultural projects, transmigration strategies, and military expenditures. Also, such outstanding foreign debt limits the true independence of the Indonesian government, no matter how reluctantly they admit it.

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[55]*1992 Asia Yearbook*, 124.

If the worst case were to come true--that Indonesia had to reschedule its debt or default altogether--shock waves would begin in Jakarta and reverberate throughout banks in Asia, Europe, and North America. That in turn would make it very difficult for Indonesia to raise future funds for continued development; it would certainly decrease the attractiveness of Indonesia as a target for investment dollars (or yen).

The current debt-service ratio is dangerously high, and Indonesia has taken steps to lower it in the next five-to-ten years. The United States shares the world's interest in seeing Indonesia achieve that goal. More money in Indonesia's cash reserves means more money for exports--American exports included. That is combined with the fact that the United States could achieve some of its other goals while cementing relations with a regional power, itself a strategy on the U.S. agenda, by assisting the Indonesians.

The key is creativity. For example, the U.S. could work with Indonesia to "swap" external debt for internal debt. In this concept, debts owed to the United States could be converted into debts owed to the Indonesian government. Those debts are then repaid by investing the money in specified projects, to be jointly agreed upon by the governments concerned. In one sense, it is forgiveness of debt; in another sense it is the dedication of funds to projects aimed at national development. The hope is that with national development will come long-term economic

stability, which is good for American companies looking for sound foreign investments.

Another method would link retirement of debt with preservation of the environment, two mutual interests. In these so-called "debt-for-nature swaps," championed by German Chancellor Helmut Kohl[56] and other eco-policy makers, money earmarked for debt repayment can be used by the debtor nation for the development of ecological tourism spots (such as Indonesia's vast rainforests), conservation preserves for plants and wildlife, and other environmentally-based projects. Whereas the debt swap is more of a "gracious" effort extended by the loaning country, these debt-for-nature projects convey the acceptance that improvements in the environment are capital themselves which (if one agrees with that precept) can certainly be accepted as repayment for monetary debt.

The United States can use debt relief to achieve interests regarding Indonesia in other than the economic or environmental purviews. As the U.S. wants to stop human rights abuses abroad, and as the November Massacre in Dili, East Timor brought Indonesia to the temporary forefront of human rights violators, debt relief can be--dare it be said and not immediately discarded--linked to human rights practices in Indonesia with a different approach than that usually taken by the U.S. Congress.

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[56]Janet Walsh Brown, ed., *In the U.S. Interest: Resources, Growth, and Security in the Developing World*, (Boulder, CO: Westview Press, 1992), 50.

If the U.S. insists on considering Indonesian human rights, why not link partial cancellation of debt with improvements in human rights practices, the carrot approach? For example, the allowing by Indonesia of open and unrestricted inspections by the United Nations Human Rights Commission--of which Indonesia is a member--would remove a real barrier to examining Indonesia's human rights policies in action and should be good for, say, $10 million in U.S.-owed debt. By using the reward approach, the debt relief is there for the taking. Indonesia must decide its priorities. There is no punishment for inaction, however, which never brings two countries closer.

In each of these debt relief methods, the underlying principle is the same. For something Indonesia wants (debt relief), the United States is setting the price at something it wants. The theory of supply and demand will dictate the success of these program options.

Handling Indonesia's debt is not the only shared interest of Indonesia and the United States. The former seeks to fund its national development through foreign investment as much as possible. Indonesia views foreign investment as the most efficient way to provide capital, technology, and employment for its population. American corporations wish to reduce operating costs where possible to maintain competitiveness in the world market; often this means setting up industrial plants overseas. These corporations also seek to establish themselves in the

emerging markets of Southeast Asia. Both countries, then, seek to expand U.S. investment in Indonesia.

Both parties have precursors to increased American investment, but therein lie the bases for compromise. Indonesian prerequisites for accepting foreign aid (in theory at least) exist to further those programs aimed mainly at increasing the export base, quicken the transfer of technology, and add jobs for Indonesians. American corporations looking at Indonesia's investment potential require the supporting infrastructure (roads, power, communications), streamlined bureaucratic procedures with limited hold-ups, and freedom to operate with minimum interference from the existence monopolies, which raise their costs and make Indonesia less attractive.

The two sets of prerequisites can be met through the widespread use of build-operate-transfer (BOT) contracts. In BOTs, an American firm would contract to build a new power plant, highway, communication network, etc. in Indonesia. That firm would operate the project for a period of ten years or more, during which time rates would be charged to the government. At the end of the operating stage, the project would then either be sold or turned over to the Indonesian government.

Such BOTs have been used in China and the Philippines with success. The advantages to participating parties are apparent. Indonesia would get its infrastructure developed without a cash outlay. During the operating stage Indonesians would be taught how to run the project as part of the agreement. Finally, the

plant would be operated solely by Indonesians. The government and the contractor would negotiate the price including depreciation, which would result in a bargain price for Indonesians and a profit margin for the American corporation. Furthermore, by contracting with the Indonesian government directly, the permit process as well as the other bureaucratic procedures should be facilitated.

BOTs can go hand-in-hand with Indonesia's transmigration project, whereby Indonesian citizens are relocated at government expense to lesser populated regions. By using BOTs to develop potential transmigration destinations (which are normally on the smaller, malaria-infested islands which have little arable land) to the point of decent habitability, perhaps the Indonesian government could attract more prospects to the program and alleviate U.S. concerns about the program. At these transmigration destinations, most-needed are utility provisions such as water and power, and opportunities for meaningful employment. Little of this land is arable, but it could support agricultural processing and refining plants. The crucial factor is that someone has to pay the bill for these undertakings. Therefore, enter the BOT concept.

The BOT idea has an additional incentive for American companies. It would open up Indonesia's service sector to competition from American firms. Sophisticated operations rely on sophisticated communications, marketing, and insurance support, for example. The BOT contract could include provisions

for American service companies to enter Indonesia, if only for the BOT builder at first. That would at least get the foot in the door, and it is not too much to ask in return for reduced-rate infrastructure.

Whether the method is BOT or traditional investment contract, Indonesia holds investment potential in areas other than water plants and bridges. It is estimated by the World Bank that Indonesia will become a net importer of petroleum by the early 21st Century; that certainly does not bode well for a member of OPEC! In seeking alternate sources of fuel, to include coal and nuclear, Indonesia is looking for help wherever help can be found.

While the United States would not offer the technology for nuclear plants, American coalmining companies and refiners for clean-burning coal would welcome the chance to operate in Indonesia. As of July 1992, they have that chance, because Indonesia's Department of Mines opened the coal mining sector to foreign investors.[57] Thus far bidding is only available for contracts in eastern Indonesia, to meet the country's goal of diversifying from Java and Sumatra. This should not turn Western mining companies away. The risks of mining the lesser developed east could be offset by rewards for early project success.

There is plenty of room for American firms in Indonesia, as evidenced by the successes enjoyed by Nike, Inc., Hewlett-

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[57]"Jakarta Re-opening Coal Mining to Foreign Investors," *Far East Economic Review*, 16 July 1992, 59.

Packard, and others. Indonesia's cheap labor supply lends itself to labor-intensive manufacturing jobs, while the government's desire for technology transfer can be accomplished through joint ownership of the factories.

One word of caution is necessary. Potential U.S. investors should not tie all of their investments to monopolies controlled by President Suharto's family. Suharto is seventy-years-old and although in good health is not expected to remain in office past 1998. Given the increasingly open criticism of his family's business practices, including remarks made by the leader of the People's Consultative Assembly, their current favored status cannot be guaranteed after Suharto is gone. Already the awarding of two recent power plant contracts to a holding company not controlled by Suharto kin--which competed with Bimantara, controlled by Suharto's son Bambang[58]--is a sign that some members of the government view the monopolies as detrimental to Indonesia's development.

Continuing on the shared economic interests of Indonesia and the United States, both countries would be better served by the implementation of the Asia-Pacific Economic Cooperation council(APEC) than by the exclusive East Asia Economic Caucus(EAEC). APEC is composed of representatives from both sides of the Pacific; unlike EAEC, APEC admits the United States,

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[58]"Mission Accomplished," *Far East Economic Review*, 11 June 1992, 6.

Canada, and Australia. Its working groups address trade, energy development, technology, and investment issues.

While not as formal as the European Community, APEC does provide a forum in which the major Pacific economic powers can address issues vital to the region. Certainly the EAEC would also do this, but the fact is that America is a Pacific economic power and cannot be ignored. America absorbs more Indonesian exports than any other country but Japan.[59] ASEAN countries are the fifth-leading destination for American exports. It would make no sense whatever to keep America out of the ASEAN region or even to reduce its involvement.

The EAEC is backed primarily by Malaysian Prime Minister Mahatir Mohammed for nationalistic reasons. Mahatir desires a forum in which Asian powers (most notably Japan) determine their own economic paths unencumbered by the intrusions of the West. While his position is partially valid, his results could be achieved through greater cohesiveness among the Asian economies. Until that is evidenced, Mahatir's goal will not be reached by any exclusionary economic grouping.

The United States has received help from Indonesia in blocking the EAEC. In keeping with their Javanese tradition of accommodating all parties, Indonesia said that the exclusive nature of the EAEC was not in the region's best interests. Given

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[59]"Trade Surplus Plunges 33.8 Percent in 1990," *The Jakarta Post*, 5 April 1991, p. 4, as translated in *Foreign Broadcast Information Service--East Asia*, 19 April 1991, p. 56.

that Indonesia cannot support its development goals with Asian aid and investment alone, Indonesia's accommodation is assuredly self-serving.

B. WHERE DIFFERENCES MAY BE RECONCILED

If improving the U.S.-Indonesian relationship were as simple as following the formulae above, it probably would have been done by now. Naturally the two countries have concerns on which they disagree. Some of these problem areas, however, see both countries trying to achieve similar goals, but through different strategies. In these cases, a fresh approach with an eye on compromise and consensus, can reduce these obstacles so that they do not impair the overall relationship.

One such area concerns environmental preservation and restoration. At the June 1992 Rio Summit, Indonesia signed many of the agreements the U.S. either balked at or tried to water down. On the other hand, Indonesia did not sign a treaty calling for a move away from petroleum-based industry. America, meanwhile, attempted to paint the summit as another forum in which the South tried to get money from the North.

Both countries clearly have a stake in protecting the earth's environment. Indonesia with its vast rainforests must find ways to protect them from slash-and-burn agriculture and lumber poaching. The United States' own wind and moisture patterns are affected by the worldwide decrease in vegetation.

In these forests lies the common interest on which progress can be made.

Indonesia depends on lumber products for income, so it needs to ensure the sustainable development of its forests. A major threat to those forests is fire, which claimed one million hectacres in 1991.[60] Some of those forests could be saved by early spotting and response, and the United States can help. The Landsat earth monitoring satellite has the capability to spot flare-ups and relay the information to its earth stations in the U.S. That information could be quickly retransmitted to officials in Indonesia, giving them an early warning.

There is more the U.S. can do, because early warning of a fire does not extinguish it. The U.S. could sell (at a reduced rate) older C-130 aircraft re-fitted for dropping fire retardant. The C-130s could easily make the trip from Java to Kalimantan in little time. In addition to dropping fire retardant, the C-130s could be used to air-drop fire fighters onto the scene.

The United States wishes to preserve Indonesia's rainforests for reasons other than their effect on the climate. It is estimated that over fifty-percent of the remaining species inhabit the world's rainforests. This biodiversity, it is believed by American scientists and other researchers, could hold the key for new foods, pharmaceutical cures, and who knows what. Despite that potential, the United States government shied away

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[60]World Bank Figure.

from any agreements regarding tactics to preserve biodiversity at the Rio Summit. This contrasted with Indonesia, who sought methods and funding to preserve the habitats of so many species.

As in other problems, Indonesia and the U.S. share a goal: preservation of habitats to maintain biodiversity. What is needed is a shared method to achieve that goal. This is not impossible, but it may not sit well with American companies or the Council on Competitiveness.

It appears that the American research industries want something for nothing. They want to have access to the rainforests, so they may study the plants and animals. Once substances are found that have marketing potential, such as new medicines, these researchers want to reproduce the compounds back in America. Their feeling is that they should not have to pay any royalties to the host government, since only enough of a substance will be removed to allow synthesis elsewhere. That is, something for nothing.

These companies should realize the vulnerability of their position. If Indonesia and other rainforest countries deny access altogether--as is their sovereign right--or if the forests are depleted before new finds can be made, there will be no new medicines or anything else. Of course, if Indonesia allows its forests to be depleted, it will lose arable land as well as a source of export material. There is a shared interest, then, to develop the rainforests in a responsible, sustainable manner.

One way is through research contracts between American firms and the Indonesian government. In such contracts, interested companies would pay to have guaranteed access rights to a large plot of rainforest (implying a guarantee that the plot will be protected from lumber companies and other users) for a period of five to ten years. During that time the American research firm would enjoy free reign to carry out its search for new materials, to be synthesized elsewhere.

The money from the contracts would be designated by Indonesia for forest conservation projects, such as plantations of faster-growing trees to meet the demands of the timber industry. Money could also go toward agricultural instruction and fertilizer to allow native tribes to switch from slash-and-burn techniques to more efficient methods.

While the linking of research access with forest preservation would increase American costs, it would guarantee access to new materials. The alternative--ecological blackmail--would be even more costly.

Another area where Indonesia and the United States have tremendous differences is in the protection of human rights. Indonesia believes that its citizens have certain obligations toward the state, such as preserving its unity rather than trying to divide it into several smaller countries. The United States, joined and usually led by the European Community (at the urging of Portugal and Holland), decry the Indonesian government's handling of those seeking to air an opinion toward greater

representation. Indonesia calls such action by foreigners meddling.

The latest example of the differing human rights attitudes came in response to the November 1991 massacre in Dili, East Timor. Two soldiers convicted of violating orders by firing on the crowd received sentences of three years or less. Meanwhile, two protesters who survived the attack were sentenced to at least nine years. Following Indonesia's thinking, the more serious violations were committed by those who sought to stir up anti-government and/or separatist sentiment, because such sentiment makes it more difficult for the Indonesian government to improve the lot of all Indonesians. American thinking found it incredible that the two murderers could be all but pardoned because they were in the security forces, while peaceful protestors were locked in prison for a decade.

Such divergent attitudes will not converge in the near future. Perhaps some changes can be effected on the fringes, though, without compromising either side's principles. First of all, Indonesia should allow investigations of human rights violations to be carried out by the United Nations Human Rights Commission, of which Indonesia is a member. Unrestricted access to this world body would perhaps be viewed as less intrusive and therefore more acceptable to the Indonesian government.

The United States should rely solely on the reports of the U.N. commission, rather than try to obtain its own information (clandestinely). These reports can then be used to determine

American reactions to confirmed abuses, but those actions should change from their present form.

Because of the Dili affair, the U.S. Congress cut off aid to Indonesia for 1992. The affected aid included military education and training(IMET), special grants under the Generalized System of Preferences(GSP), and contributions made through the Consultative Group on Indonesia (formally the Intergovernmental Group on Indonesia, IGGI). As Representative Anthony P. Hall said to the Congress, "The Congress can both save money and stand for principle in terminating aid to Indonesia."[61]

If those are the two U.S. concerns, here is another solution. Cut the GSP, as a way to signal to Indonesia that continued human rights abuses will affect their relations with other countries. There is no reason why the U.S. should exchange preferential tariff privileges with a country which abuses its citizens. This also signals a link between democratic principles and unrestricted trade. But that should be the extent of the aid curtailment. Any other cuts serve to exacerbate the long term problem.

Cutting IMET funds, for example, limits contact between the Indonesian military and the American military. This contact allows the Indonesians to see firsthand the restricted role of the military in America and provides a positive example for up-

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[61]*Congressional Record*, 14 May 1992.

and-coming Indonesian military professionals. Cutting grants for development projects simply stagnates the low standard of living of Indonesian citizens. People who are worried about their next meal have little spare time to challenge their government's practices. The U.S. should be promoting the development of Indonesia's economy; once developed, that economy will be forced to interact with all outside governments to prosper. That in turn may increase the leverage of the U.S. to seek human rights improvements.

Current human rights provisions within U.S. aid laws permit the U.S. to restore aid if human rights practices show progress. This tool is more effective than cutting aid. Partial restoration of GSP, or entirely new funding for development projects could be offered as incentives for the Indonesian government to alter its policies. The reward approach is less controversial: the rewards are there for Indonesia's taking. If the government values them, it will change its policies. If it does not, the overall relationship remains the same.

In short, cutting all aid limits contact, and decreased contact limits influence. It is only through increased contact that America can hope to persuade Indonesia to change its policies. Cutting money for development slows such change, as neither the government nor its citizens have the resources to allocate for change.

Certainly Indonesia and the United States have different opinions on such problems as rainforests, biodiversity, and

treatment of their citizens. Even so, there is still common ground on which to base continued dialogue. Both countries should take advantage of that common ground to maintain contact. Without that contact, and without periodic agreement, the relationship will flounder. If that happens, the interests of both countries will suffer.

C. KNOCKING HEADS

No matter how many approaches the governments of Indonesia and the United States take toward addressing their bilateral relationship, some areas exist in which the countries hold opposing views. These areas will not go away in the near future, so policy makers on both sides must decide what emphasis to place on these differences, given their view of the importance of the U.S.-Indonesian relationship.

One of these areas is the Indonesian notion that aid can come without strings. Indonesia has refused aid even for projects it truly needed, simply because the lending country made a few demands to accompany the aid. Often these demands concerned democratic practices. One example is the dissolution of the IGGI by Indonesia after member nation Holland condemned the 1991 Dili massacre. In addition, Indonesia prohibited all nongovernmental organizations from operating in Indonesia if they received financial support from the Netherlands.

Concisely stated, no aid comes without strings. No nation gives up any of its hard-earned resources unless such aid serves some mutually beneficial purpose. Indonesia might attract more assistance if it did not hold to its "no aid with strings" pledge. It is true that IGGI's successor, the Consultative Group on Indonesia, still pledged as much support for 1992 as was promised by the IGGI, but the simple fact is that Indonesia would have received even more assistance if the Dutch were included.

The United States' policy on foreign aid needs some revamping. As evident from Rep. Hall's remarks, the Congress believes that cutting aid is a way to stand on principle. True or not, cutting aid is no way to effect change in Indonesia or anywhere else. Any action which prolongs poverty or slows development prevents the graduation of countries into the community of nations, where disreputable despots are held fully accountable for their internal actions. Slowing of Indonesia's development only fosters the reclusion which allows the Suharto regime to continue its actions.

The removal of funding for IMET and the Peace Corps likewise have negative consequences. All remove the positive example which U.S. military and civilian citizens can provide. What will change the Indonesian military is an internal movement toward increased professionalism and a view of their role as peacekeepers and protectors of the Indonesian society, rather than violators of that society. Those internal changes will come

about more quickly if Indonesia's military leaders have examples to emulate.

Another roadblock to improved relations is the call for increased democracy along Western lines. Indonesian culture has little background or experience for such practices. Indeed, during the 1992 election season, numerous acts of violence were recorded during political rallies. Indonesian democracy must progress according to Indonesian culture. That means building real consensus among competing views, as did the tribal leaders in historical Java. That also means increasing actual political competitiveness among existing parties before introducing new parties.

Finally, the relationship must be fostered on foundations other than just aid from America. Given the U.S. budget deficit, such money will be harder to come by in the next decade. Any strong relationship must have firmer roots than charity, or the relationship will stagnate when the aid well runs dry.

D. THE FINAL ANALYSIS

An improved relationship between the United States and Indonesia is beneficial to both sides. Together, the nations can meet each other's concerns in such divergent areas as economic development, American investment opportunities, security of the Indian Ocean and South China Sea, and preservation of the world's environment. Apart, this world power and this regional power

will cancel each other's influence in world and regional affairs.

The relationship cannot be one of a developed nation lowering itself graciously to help a poorer nation. Indonesia has made a great deal of progress since its independence in 1945. Due largely to President Suharto's austere programs to control spending while fostering development, Indonesia is widely thought of as on the verge of a Taiwan-like economic breakthrough. Certainly the nation has much to be proud of and the United States should acknowledge this in its dialogues with Indonesia.

The new relationship, if one is to develop, must be one of unconventional approaches, of compromise and consensus. Often what are surface differences between the two powers are actually differences only in strategies toward similar goals. This is the case in the areas of investment, biodiversity, and military presence. With more emphasis on overcoming these obstacles and a new look at conventional practices, such differences can surely be overcome.

Finally, as with any two nations, sometimes Indonesia and the United States simply do not see eye to eye. That need not prevent the countries from achieving what progress can be made and overcoming what problems can be overcome. Sometimes, the two countries will need to agree to disagree, in order to preserve a relationship which is beneficial to both parties.

An improved relationship with Indonesia is both attainable and desirable. The national interests of the two countries have

more in common than not. As soon as the respective governments accept this fact, they can implement the new opportunities presented in the post-Cold War world. The key will be compromise and consensus, built on the foundations of common interests and mutual respect.

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